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Lesotho.

FIVE YEAR DEVELOPMENT PLAN 1967-1972

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C O R R I G E N D U M

As a consequence of the haste in which the final draft of this document was prepared a number of clerical errors in the typescript were not corrected. The following is a list of those which might cause misunderstanding:-

Para.	Page	Line	
37	11	4	.... " though their problems are important they are more familiar" .....
38	11	2	.... " move into independence not only with" ...
38	12	6	Income Tax should read ..... "Personal Tax".
74	26	3	.... " exclusive of 1966/67" .....
75	29	10	.... " wool pullery" .....
77	29	2	.... " outside the Ministry's" .....
	31		Table should be No. 18(a).
91	38	3	.... " rooted in out-of-date, uneconomic" .....
	46		Table should be No. 34.
124	52	1	Should be deleted completely.
133	58	last	.... " will be serviced by" ....
186	80	3	.... " above the 66/67 estimates."
	85		Footnote should read "Excluding O.S.A.S."
	86		Numbering error. No. page 86.
204	96		Loan already obtained total not extended; Should be "2,289,932".
	66		Table should be No. 59.

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L E S O T H O

FIVE YEAR DEVELOPMENT PLAN 1967-1972

1. Introduction

The Government of Lesotho has decided that the economy of the country shall be developed in accordance with a Five Year Plan. The necessity for this is demonstrated by the past record which shows irrefutably that a policy of laissez faire does not work. It appears to have been the assumption in the past that the rapidly expanding South African economy will carry Lesotho, as an enclave, along with it, and that, as a consequence, the Government needed merely to maintain and expand the local infra-structure as if it were a County or Provincial Council. In taking stock, on the achievement of independence, the Government of Lesotho must conclude that this policy has not been enough. Certainly, over the past few years, the economy of Lesotho has stagnated, while an almost spectacular boom has been taking place in the Republic around it. The reasons for the failure of South African prosperity to spread into Lesotho are many and complex. It is sufficient here to record the fact, and to draw the obvious conclusion that the economy of Lesotho must be consciously and deliberately developed.

2. An Economic Development Plan can take many forms. The most simple is a programme of public expenditure on roads, schools, hospitals and so on, such as Lesotho has had before. At the other extreme is the highly sophisticated controlling plan with detailed quotas for every sector of the economy. Less comprehensive is the so-called indicative plan, set in a framework of national accounts with targets for output, investment savings and so on, in various sectors. For Lesotho, in the immediate future, there are limits, imposed by circumstances and the facts, to the degree to which the sophistication of planning can be taken. While it is possible to make a "guesstimate" of the Gross National Product, the statistical data available is too sketchy and unreliable to make possible the setting of targets for savings, investment and output in the private sector. Moreover, the Government does not yet have the means at its disposal to influence these by the control of credit, currency, interest rates or customs and excise duties. Finally, this country is heavily dependent on foreign aid, which means that even the level of public expenditure is not wholly within the control of this Government, but depends on the generosity of others.

3. It follows, therefore, that, at this stage, Lesotho can produce only a provisional or partial plan. At a later stage it is hoped that, with better statistical data becoming available, to produce a more comprehensive plan of which the provisional plan will become a part. Meanwhile, it is necessary to produce something, however incomplete. The economic situation demands urgent and positive action now, and it is necessary to have a plan for the negotiation of aid.

4. The core of the provisional plan is a programme of public expenditure and investment. This programme is, however, directed towards the stimulation of economic growth and includes public investment in directly productive

projects. Together with the programme of public expenditure and investment, there is a programme of administrative and legislative action and of institutional reform, specifically designed to create the conditions for economic growth in both the public and private sectors.

5. In the past year or so there have been economic missions, sent by the United Nations and by the Ministry of Overseas Development. The recommendations of the former (if they have not already been implemented) have been taken into account and are reflected in the views expressed in this paper. The recommendations of the latter are embodied in a Report which provides the basis for a Five Year Plan. This Report, which is referred to in the present paper as the "ODM Mission Report", provides a comprehensive description of the economic and fiscal situation in Lesotho, together with proposals for development over the period 1966-1971. The provisional plan will be based on the ODM Mission Report, together with the present paper which takes the form of a commentary upon it, with some amendments. When the British and other overseas aid proposals are clearer, the Five Year Plan will be published, incorporating the accepted recommendations of the ODM Mission Report and the present paper. Meanwhile, this paper must be read together with the ODM Mission Report.

6. The ODM Mission Report contains a large number of recommendations which are listed in the summary in Chapter X (pages 130-138). With most of the recommendations, there is complete agreement, and action is being or will be taken to implement them. No point would be served in this paper by going through them one by one. Many of them are referred to while discussing plans for the various departments of Government. The major recommendations are, however, dealt with at some length, and an attempt is made to set out the Lesotho Government's views where these do not coincide with the ODM Mission Report.

CHAPTER I

PRE-CONDITIONS FOR DEVELOPMENT

7. The ODM Mission Report begins with a general account of, and observations upon, the economic and financial position of Lesotho. This is unexceptionable, and it is agreed that a well conceived development plan is needed to increase the productive power of the economy, while at the same time seeking to raise more revenue and hold down Government expenditure.

8. The pre-conditions for development, namely the removal of the two "man-made obstacles" of the land tenure system and the administrative structure of local government, however, call for much more discussion.

9. Land Tenure

A succession of commentators has declared the traditional land tenure system of Lesotho to be out of date and an obstacle to progress. The matter is, however, a complex one, with far-reaching social and political, as well as economic, implications. It is, moreover, a matter which is almost always misunderstood by visiting observers. It is not true that land tenure in Lesotho is ephermeral and precarious, and subject to the capricious whims of Chiefs. A man's land may be removed from him by the Chief, only under certain well-defined circumstances, and for certain well-defined reasons. There is a large body of case law on the subject, and every person who believes himself to have been unlawfully or unjustly deprived of land has recourse to the courts.

10. The problem in the agricultural sector in Lesotho is one of land hunger and land usage rather than land tenure. The average holding is less than five acres per family. A reform in the land tenure system would not alter this ratio, unless, either large numbers of people are absorbed into non-agricultural occupations, or a large, landless, destitute class is created.

11. It is readily admitted that land in Lesotho is commonly misused. To a large extent, this is itself a product of land hunger. Landless families seeking a means of subsistence have been allowed to encroach on land unsuitable for arable purposes, such as on high mountain slopes and in crowded valleys. A Land Utilization Plan is clearly needed and the principle of such a plan was accepted in the old Legislative Council. The present Government fully accepts the principle of land use planning, and, as discussed later, under Agriculture, proposes to make it (as distinct from negative "Soil Conservation") one of the corner-stones of its agricultural development policy. Provided the administration of land allocation is efficient and free from corruption, it seems reasonable to argue that land held under the concept that it belongs to the Nation, lends itself more readily to land use planning, than would a patchwork quilt of privately-owned peasant plots.

12. Land in Lesotho is not fenced as a general practice, partly because of tradition that land uncovered by a growing crop reverts to common pasture, until the time for ploughing and sowing a new crop comes round. If a winter crop is sown, this rule falls away. It follows that, once again, the question is one of land use planning. A further obstacle to the fencing of land is the cost. It is, as a matter of simple mensuration more expensive proportionately to fence small holdings than large ones. The vast majority of cultivators simply cannot afford the cost of fencing.

13. The visiting critic's real case against the land tenure system in Lesotho is not, as he usually supposes, a question of security. It is the question of negotiability. Security there is, and always has been, not merely de facto, but de jure. Not only is it true that no trader or mission has ever been dispossessed; they could not lawfully be, unless they were guilty of a breach of the conditions of the allocation or of some offence against the Nation. Security of tenure always depends upon the good faith of the Government. "Ownership" of land is not absolute, and is everywhere subject to many limitations, controls and risks. There are many examples throughout the world where land held free-hold has, nevertheless, been expropriated after a change in Government. What is true, and is admitted, is that the lack of negotiability is an obstacle to building development, since it makes mortgage bonds difficult to obtain. An attempt to meet this difficulty was the BAFED scheme, which proves that it is possible to grant secure tenure for a fixed term, but it is recognized that this was probably not sufficient, and that something more is needed. A safeguard is the protection afforded by the Constitution against compulsory acquisition of property without compensation.

14. Another real difficulty in the non-agricultural sectors is the complicated system of administration. A would-be prospector for oil, for example, would need to approach a number of headmen with applications, and follow each application up through the hierachy of Chiefs. This is obviously intolerable and self-defeating.

15. The political and social life of the Basotho is deeply rooted in the land tenure system. The land is held by the Nation, and it is administered in trust for them, by the Paramount Chief. The imposition of alien systems of private ownership of land would undermine the very foundations of society. The British rulers over the past century have recognized this - otherwise they would have imposed changes years ago. The Basotho, moreover, have good cause, from experience, to mistrust proposals to make radical changes in the system. The Government, nevertheless, recognizes that the system as practised at present, has weaknesses, and proposes the following course of action:-

(i) To define the relationship between the Paramount Chief (as trustee and administrator) and Government (to the extent of its political responsibility to Parliament) in respect of land.

(ii) To institute a Land Use Plan:

This would entail legislation giving the Minister of Agriculture power to designate the uses that could be made of land in various agro-ecological zones, with a view to eliminating the gross misuse of land that occurs, and thus raise agricultural productivity. It is also envisaged that certain areas in which the bulk of the population showed a willingness to co-operate should be proclaimed development areas: in these, the Ministry would acquire much more power to control land use in detail, and it would concentrate a considerable proportion of its extension services upon them, developing irrigation and water supplies, roads and access tracks and providing guidance and training until the inhabitants could dispense with detailed supervision. A good deal of the preliminary work has already been done in the Ministry on this, but the drafting and passage of the necessary legislation has not yet been started.

(iii) To legislate conditions for land allocation and deprivation in terms of Section 89 of the Constitution:

One of the grounds upon which a man can be deprived of land is that he has more than enough for his family's subsistence. If this were annulled and replaced by bad husbandry as a cause for deprivation, it would provide a more appropriate incentive. At present a man could lose land because he farms it too well: such cases are rare, but this may be because farmers take care not to go much beyond subsistence output. Although the desirability of such a change may be self-evident to persons with the acquisitive motivation prevelant in advanced countries, it may not readily be acceptable to the ordinary Basotho, where traditional aims in life have been quite different. The currently proposed land legislation has been deliberately restricted to procedural matters to allow time for consideration of the substance of the rights in land that are to be allocated.

(iv) To provide, in the Constitution, that Motlotlehi may allocate land or grant prospecting or mining rights direct, without reference to local Chiefs:

It is the intention of Government to set up a small mining department to draft and administer appropriate mining legislation, directed to encouraging prospecting and to ensuring that any minerals discovered are exploited in ways that will benefit the Basotho Nation.

(v) To provide for the negotiability of buildings and other improvements on land allocated for such purposes:

Although the rights of the original occupier are quite secure both in fact and in law, and although those rights are in fact transferable by sale, by lease and by will, the system is defective in three respects:-

(i) there is no documentary evidence that the rights granted to an occupier can be transferred; thus they are not acceptable as security for loans and this creates problems in the field of financing businesses and housing;

(ii) the machinery of transfer is cumbersome in that the approval of the Principal Chief must be obtained;

(iii) there is no charge for the rights that are allocated and thus no incentive to economise in its use, and it yields no revenue to the State.

The possibility of removing these defects is currently being explored. The most promising line of approach appears to be legislation that would result in all

urban land being registered in the name of the Basotho Nation. Title deeds to rights in particular sites could thus be granted and registered, and the rights granted would include the right to sell or hypotecate all the other rights. One of the conditions of the original grant would be the payment of an annual fee, revised periodically, to the Basotho Nation. The holder of the title deed would not, of course, be able to transfer more rights or fewer obligations than he originally acquired. Legislation along these lines, it is thought, could go some way to removing the obstacles enumerated above.

(vi) To provide for compensation for improvement in the event of deprivation.

(vii) To provide for registration of land holdings.

(viii) To improve and streamline the administration of land by the Chieftainship.

(ix) To reform and simplify local government as described in the next section.

16. Local Government

The ODM Mission Report is strongly and justifiably critical of the administrative structure of local government which has been allowed to grow up over the past years. This criticism is fully accepted, and high priority is given to the overhaul of the whole system. The present system failed because there are three over-lapping and competing authorities. The District Councils are competing with the Chieftainship, which is antagonistic towards them because it fears usurpation of its traditional powers. They are also in a competitive but ill-defined relationship with District Commissioners, who are the representatives of Central Government at the District level. To make matters worse, District Councils were also electoral colleges for the National Council, and this attracted national-orientated political activity to the local level, where it was inappropriate.

17. The overhaul of the system is not an easy thing to achieve since all kinds of different pressures are involved. The Government has, however, already taken the decision and expert advice is being sought. The new structure will be based on the principle of a single government machine, with a single chain of authority and administration, from the Central Government to the individual person, who will be brought into active participation in national development.

18. Strategy for Development

With the ODM Mission Report's general description of the economy and its growth, there is complete agreement. The recent population census, however, can now be substituted for the earlier ones quoted.

Present	859,000
Absentees	117,000
Total	976,000

19. It will be seen that the conclusion of the ODM Mission Report, at para. 9, that the population is now of the order of 1,000,000 including absentees, is borne out by the census. The rate of growth since 1956 is about 2.9% per annum. The accuracy of this figure is, of course, dependent on the accuracy of the two censuses. There is some reason to believe that there was under-numeration in 1956, and if so, the actual rate of increase would be less than 2.9%. It is, nevertheless, a high rate of increase, and one that must be kept constantly in mind while planning development. For projection purposes a figure of 2.5% is recommended.

20. Available arable land of all kinds amounts to less than a million acres. Land which is really suitable for cultivation is nearer to 700,000 acres. With a resident population of 859,000 there is already less than one acre per person. By the year 1972, the resident population will, on a projection of 2.5% per annum, be almost one million, making the arable land per person less than three quarters of an acre. The ODM Mission Report, at para. 42, states that a "relatively prosperous agricultural community and a high level of farming will need average holdings of at least eight, but preferably ten acres". For the kind of agriculture that is likely to be practicable for many years, holdings of up to ten acres will not provide much employment for non-family labour. The ODM view, with which we are in general agreement, implies that about half the population must find employment outside arable farming. The livestock industry, if properly developed, could absorb more, but there are limits to that as well. It is felt that the ODM Mission Report does not give adequate consideration to the problem of providing for the 40,000 households, rising to perhaps 200,000 households over 20 years, "which could not be supported at a reasonable standard of living from agriculture".

21. The ODM Mission Report states that the strategy for development "must be exploited to the fullest extent of the agricultural and livestock resources of the country in a manner consistent with soil conservation practices. Development in this field must have the highest priority, and the whole development effort should be seen as contributing directly or indirectly to this end". (Para. 22). The Government of Lesotho fully agrees that the biggest increments of output must come from the development of agriculture and livestock, but it cannot accept that this is all that needs to be done. The pressure on land is such that agriculture alone cannot be relied upon to carry the economy forward. Indeed, agriculture itself cannot advance very far, unless numbers of people are taken off the land to facilitate agricultural reform.

22. Agricultural development can provide the basic necessities of life but the non-agricultural population must be provided with employment outside agriculture in which to earn the means to purchase their requirements from agriculture.

23. It is fully recognized that diversification of the economy of Lesotho is an extremely difficult task, and the ODM Mission Report cannot be too much blamed for avoiding it. To visiting experts, the obstacles to industrialisation must seem almost insuperable if they work on the assumption - as most of them, including the ODM Mission, do - that industrialisation can only take place when private enterprise is willing to come in and invest.

24. Competition from industries established in the growing industrial complexes within the Republic exposes new industrial development in Lesotho to abnormally high risks, and Lesotho is too poor to offer massive subsidies to private businesses, even if that were a desirable policy, and the

racial policies of South Africa preclude consideration of one possible solution to many of Lesotho's problems: i.e. encouraging labour migration to the industrial complexes across the border until Lesotho becomes a pastoral tourist area with a small but prosperous population. Neither South Africa nor Lesotho is likely to accept this as a solution in the forseeable future: indeed Lesotho must contemplate the contingency that the effective demand for migrant labour may fall.

25. A further problem, or set of problems, stems from the fact that the social attitudes and institutions of the Basotho are not at present conduicive to rapid commercial development. The lack of an acquisitive outlook, contentment with a modest subsistence income, and the acceptance of wide family responsibilities are not in themselves ignoble: indeed they have been commended on very high authority as a proper way of life for mankind. Unfortunately, much as many of them may desire it, the level of population and its rate of growth rule out continuance in traditional ways as a feasible choice for the Basotho. Increasing poverty can only result from an attempt to avoid change.

26. Government recognizes this and it is actively seeking to change the system of land tenure which is deeply embedded in the social and political structure, to revise the structure of taxation and to disseminate knowledge of commercial practices. Nevertheless, it recognizes that however rapidly legislation proceeds, basic attitudes towards economic activity are likely to be slow in adapting themselves although there are signs of change such as the emergence of a small rural capitalist class largely engaged in sharecropping and an interest in cottage industries.

27. It should be stressed that the case for non-agricultural development does not rest on any pre-conceived views about the balanced versus unbalanced growth controversy, although at some points the argument above resembles the case for balance. Government's view is really rooted in the evident impossibility of finding employment on the land for everybody, and it sees no alternative to non-agricultural development.

28. The likelihood of either external or indigenous private enterprise making a substantial contribution to non-agricultural employment and production must be rated rather low, although Government intends to remove obstacles and provide incentives. On this the Government of Lesotho is in general agreement with Chapter V of the ODM Mission Report.

29. Where it differs from the ODM Mission view is in its belief that if private development of non-agricultural enterprise is likely to be grossly inadequate to the country's needs, public financed and operated enterprises must try to fill the gap. The aim of these enterprises would be in the short run to create employment and to raise the level of income and, in the longer run, to make the prospects for other private enterprise more attractive by creating a climate of prosperity and progress. This general line of approach is consistent with the views expressed by the U.N. expert who recently made an industrial feasibility survey.

30. A further reason for fostering non-agricultural development is that this is necessary if development expenditure is to have more effect in raising the level of prosperity than has been the case hitherto. Much of the aid received in the last few years has been spent either on direct imports of capital goods or on personal emoluments in the public service; of the latter there can be little doubt that a very high pro-

portion is spent on imported consumption goods. Although both forms of expenditure contribute to efficiency in raising productivity, the direct income generating effect of expenditue is largely dissipated outside the country. Lesotho has more buildings and earth moving equipment and more qualified expatriate civil servants than it would have had without aid, and, because of this, the output of the country is higher than it would have been without aid; but, outside the public service, aid has done little to increase employment in the country. Support for this view is provided by the following figures:-

	1960/1 (Lewes)	1965	Change
	Rm	Rm	Rm
Exports of goods & services	2.9	5.0	+ 2.1
Imports of goods & services	9.5	18.0	+ 8.5
Trade deficit	6.6	13.0	+ 6.4
Grant in aid plus C.D. & W.	1.0	6.3(65/6)	+ 5.3

Allowing for inaccuracies in the trade estimates and for differences in timing in the later year, it seems a reasonable inference that the inflationary effects of expenditure from grant aid were roughly offset by the deflationary effects of the deterioration in the trade balance.

31. Expansion of exports could fill the gap, but if exports are to continue to consist of unprocessed agricultural and livestock products, their growth will be geared to the output of these industries, a subject upon which the ODM Mission is undoubtedly over-optimistic. A more promising approach would be on the one hand to increase the value of exports by further processing within the country, and on the other hand actively to promote the production of substitutes for imports, and it is in these fields that Government intends to begin to encourage production. Public enterprise no less than private enterprise is subject to the risk of losses for the first few years and even of ultimate failure, but the need for making an attempt cannot be evaded for long without disastrous consequences.

32. Public enterprises under active consideration include:-

(a) An Abattoir and Cannery. Lesotho possesses extensive mountain grazing which could be improved; it has a small surplus of grain which could be increased and its only neighbour is normally a very substantial exporter of maize. It is thus favourably placed for raising and finishing stock, and the world market for meat appears to face a long period of expansion. The first steps in making a detailed cost study are being taken.

(b) Brick making. Some low quality bricks are already being made, but large quantities which bear heavy transport costs are imported from the Republic. In view of the housing shortage and the need for agricultural and administrative buildings, there should be a rising demand for bricks. A local non-Basotho is showing some interest, but should he withdraw, public enterprise could and should move into the field.

(c) Farm implements and similar goods. There is a stock of local labour skilled in work with sheet metal, wire and wood. There is also a demand for simple farm equipment - carts, barrows, rakes, etc. - and for simple equipment for schools, office and households. It may be possible to assist existing small workshops to expand but, failing this, Government enterprise could step in.

(d) Cottage industries and handicrafts. Several schemes on the production side in this field already exist. Marketing arrangements are very weak and the quality is sometimes poor. It is intended to give Government assistance here.

(e) Hides and skins. The turnover of H. Hides is rapidly increasing and funds are required to finance an increase in the volume and range of their activities.

(f) Wool processing. A scheme for processing Lesotho's wool clip within the country has recently been submitted by a group of businessmen in South Africa. Preliminary estimates of costs and revenues look promising, and a request for an expert reasibility study is being made to FAO.

It is to promote these and other non-agricultural activities that funds are sought to establish an Industrial Development Corporation to enable public enterprise to lead the way. Obstacles to private enterprise will be removed and inducements offered in the shape of tax concessions and preferences in Government contracts, but a realistic assessment of the situation precludes exclusive reliance on private business to cope with the pressing necessity for non-agricultural development.

33. The possibility of purchasing electricity from the South African Electricity Supply Commission is being investigated with a view to providing cheap and ample power for industry and commerce. Government is advised that this would be cheaper and quicker than either expanding the present over-loaded thermal plant (which already purchases its fuel from the Republic) and quicker developing local hydro-electric power. The loss of an increment of employment in the thermal plant would, it is hoped, be more than offset by the expansion elsewhere that cheaper electricity would facilitate.

34. Another field of non-agricultural employment that must be expanded is in the development of the infra-structure. The development of posts and telegraphs should be loanworthy and possibly profit-making, and this should also be true of electricity, urban water and sewerage, charges for which are already being examined. A project survey for the development of Lesotho's water resources is in progress with a view to selling water and electricity to South Africa. In effect, eventually, this may mean selling electricity to South Africa in the north and buying it back further south, using the ESCOM grid for transmission. Should the negotiations which Government is seeking to open with the Republic succeed, a considerable amount of employment in the construction work would follow for some years and provide a welcome breathing space for the development of other employment opportunities.

35. Road construction, primarily directed to opening up the country is also necessary. The improvement of the main north - south road is being undertaken with funds from the International Development Association and a Colonial Development & Welfare Grant. The sketch of a network of roads to open up inaccessible, but promising, areas in the mountains has been made. The statistical information required to make an economic assessment of priorities does not exist, but the most promising developments are so clear to officers familiar with the country that the first few years work can be safely undertaken without elaborate cost-benefit analysis.

36. All these developments will require trained staff. This, at present, is a serious restraint on progress and if it is to be removed, an educational programme to improve the quality of education and training must be undertaken. Here the ODM Mission Report understates our needs, especially in the field of education. In 1964 less than 2% of the school population was in secondary schools, and only just over 2% of the relevant age group estimated from such of the 1966 census results as are available. The ODM Mission proposal of an additional 1,000 pupils in secondary schools by 1970 could only raise the percentage of the relevant age groups receiving secondary education to about 3% and would contribute very little towards achieving the UNESCO Report goal of 14% by 1975. The statistical data required to make any kind of reliable overall projection of manpower requirements does not exist. This does not mean that the country can mark time on general education until the demand for educated labour can be clearly forseen. The building up of an educational system is a slow process in which each stage is related to all the others from primary to university level. Government has no alternative but to proceed upon the assumption that economic development will create a demand for educated people during the coming decades and prepare to meet that demand now. The services of an educational planner are being sought, but for present purposes Government must try to look ahead and sketch the outlines of an educational programme to meet its most obvious needs.

37. It has been said that the Government of Lesotho agrees that the biggest contribution to economic development in the near future must come from agriculture and livestock. They have been left to the end of the discussion because though their problems are, they are more faimiliar than the problems of the non-agricultural sectors which must be developed if the increasing opulation is to be provided with work and wages. It is felt that it would be seriously misleading to expect output of the main crops to be doubled in five years. Informed opinion in the territory is that a successful programme would be one that achieved a 30% increase. The fact that productivity is now at a very low level does not mean that it can readily be increased. Low yields are a reflection of the primitive state of knowledge of farming techniques and of willingness on the part of land holders to improve them. Sociological obstacles are often more formidable and no less real than technical barriers to progress. With these qualifications the proposed programme for agriculture and livestock broadly follows the lines recommended in the ODM Mission Report. While it is hoped that general incentives and assistance to individual farmers will make a substantial contribution, more reliance is placed on land use planning and concentration on projects in development areas where people agree to co-operate.

38. In the fields of public finance, Lesotho has the misfortune to move into independence only only with a substantial built-in budget deficit, but also to inherit a tax structure which is singularly unresponsive to increases in national income. Of estimated revenues

for 1966/67, 20% is attributed to Basic Tax, which is related to population, 31% to the share of S.A. Customs Revenue, which is mainly related to S. A. imports and rates of duty and 5% from judicial fines and rent of Government property - largely civil service housing. Thus 56% of revenue is determined by factors other than the level of income in Lesotho. Income Tax accounts for only 27% of revenue, and by reason of the rebate system, a generally diffused increase in income would do little to increase revenue. The problem is not merely one of raising more revenue as stressed by the ODM Mission, but of raising it in ways that will cause it to respond to changes in the country's prosperity.

39. The importance of this can be seen in the context of financing development. Much of the development programme must be financed through loans. In some cases the project on which the loan is used will earn revenues that will service the loan. In other cases, revenues will accrue to individuals who benefit e.g. from a road; in order to service the loan in these cases, a tax system that will cream off a part of the increment of the individual incomes is a necessity. The range of projects deemed loanworthy by the World Bank is widening. In his address to the Economic & Social Council of the United Nations in March 1965, the President of the World Bank and its Affiliates, stressed the broadening of the scope of Bank-lending beyond the field of large-scale public utilities into the fields of agriculture, education and diversification of industry. If Lesotho is to take advantage of these facilities, attention must be paid not only to the amount of revenue but also to its buoyancy. A Fiscal Survey is at present being conducted by Professor Horwood of the University of Natal and a variety of schemes are under consideration. A Collector of Revenue has been appointed, and it is proposed to strengthen the whole system of tax collection.

40. Whatever the final shape of the development programme and however successfully it is implemented, Lesotho will require a very substantial injection of funds from outside for many years to come. It moves into independence with an adverse trade balance of about R13m per year which may deteriorate in the early years of the Development Plan. It is hoped that the credit institutions that are being established will make more of the unknown amount of internal private savings available for development expenditure and cause the repatriation of some of the private funds held abroad. Although these can make a substantial contribution to the country's needs, a large gap will undoubtedly remain. The balance of payments position is a continuing and ever present menace to any development programme. By reason of its monetary and economic union with its major trading partner, the Republic of South Africa, Lesotho's foreign exchange reserves consist almost entirely of cash in circulation plus residents deposits with credit institutions. An adverse balance of payments may, therefore, be financed by a reduction in the quantity of money, revealing itself in internal financial stringency, which could only be offset by grants and loans from abroad as the country at present has no defences in this field. Failure of funds fully to offset deficits will almost certainly have an adverse effect on the emerging cash sector of the economy which it must be the aim of a development programme to foster if the well-known benefits of specialisation are to be gained. No funds are sought specifically to cover this contingency, but attention is drawn to it because it may give rise to needs for funds in the future if the development of indigenous private enterprise is not to be jeopardised by a shortage of the means of payment.

41. In the more detailed proposals that follow, it will emerge that Government contemplates financing an appreciable proportion of

its development by loans from the U.K. Additional loanworthy projects are likely to emerge with the passage of time, and it is recognised that the U.K. Government may not be the only source of loan finance. It would certainly improve the terms on which Lesotho could borrow if H.M.G. were to act as guarantor in appropriate cases, and it is hoped that this suggestion will be given consideration.

42. Given its geographical position, its economic relations with the Republic, its relative lack of known natural resources apart from water and its rapidly growing population, Lesotho faces an extremely difficult development problem. Its smallness adds to its difficulties in that the degree of specialisation at all levels of the administrative and technical services is severely limited, and hence expertise in many fields is lacking. The development expenditure proposed should be adequate to set the economy moving if private enterprise can be induced to play its part. Much of the phasing is provisional at this stage. The building programme in particular requires further consideration, and much will depend upon the availability of adequate expert manpower. Large though the figures that follow may appear in relation to past expenditure, there can be little doubt that sums of this magnitude are required if a breakthrough is to be achieved.

CHAPTER II

AGRICULTURE

43. The general lines of argument of the ODM Mission Report in Chapter II (Agriculture) are accepted. There is a good deal of scepticism about the feasibility of doubling agricultural yields within five years. It is readily accepted that the removal of obstacles to agricultural development could bring about a rapid expansion in output. Nevertheless, no other country in the world appears to have achieved such a rapid advance, and the Government is loathe to commit itself publicly to a target which is, in the opinion of most observers, unattainable in such a short time. The ODM Mission have since explained that the figures were produced to illustrate the possibilities and to stimulate enthusiasm. Its point is fully taken, but Government still feels that to publish such an ambitious target would lay it open to severe criticism when the target proved to be unfulfilled.

44. The ODM Mission Report provides for a very large programme of public expenditure in agricultural services. The Government does not disagree with this in general terms, although it would wish to change some of the figures somewhat, and add some additional items. The Government believes, however, that the prescription given is more of the same medicine as before; and that the time has arrived to at least initiate some changes in approach. The programming in the ODM Mission Report, as in previous development plans, is one of imput only. Resultant increase in output is taken on trust. This is all very well in the early stages of development, but a time must come when the Government and its planners must be able to see some relationship between output and imput.

45. The ODM Mission Report fully endorses the conclusions of the Biggs Report which are also accepted by Government. The Government would, however, give the organisation of agriculture on a commercial and marketing basis a good deal more prominence in the scheme of things, and proposes to establish an Agricultural Development Corporation, which will organise production, marketing and, where appropriate, processing. The Corporation will operate, wherever practicable, via Co-operatives, with producers who are ready and willing to collaborate with it. It will make available: seed, fertilizer, implements and so on, and will contract to buy the crops at fixed prices. It will not, however, deal with subsistence agriculture.

46. The Corporation will begin modestly and alongside the existing Agricultural Ministry, but, in due course, it will begin to provide some of the services at present provided free of charge by the Ministry, and absorb them into its own accounting. Quite apart from the development impact which the Corporation will have, there is the additional advantage that some relation between expenditure and return will emerge.

47. It has been said in an ECA paper, that there are three factors needed in order to bring about the change from subsistence to commercial agriculture:-

(i) Marketing Organisation;
(ii) Agricultural Extension Work;
(iii) Agricultural Credit.

In Lesotho, a fourth should be added, namely: Land Use Planning.

48. Economics and Marketing

A division of Agricultural Economics and Marketing has been established in accordance with the Biggs Report. The functions of the Division are to carry out market research, introduce grading for produce and to provide statistics and crop forecasts - and, initially, preparatory work on marketing legislation. The Division will give economic direction to the Ministry's activities and will work closely with the proposed Agricultural Development Corporation. Capital for the division itself will consist merely of housing, equipment and transport, but there will be some additional recurrent expenditure on the budget.

Table 1

Agricultural Economics and Marketing (A.1.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Housing for Agricultural Economist	9,000	-	-	-	-	9,000
Office Machinery & Field Equipment	750	750	500	500	-	2,500
Transport	2,500	-	2,500	-	-	5,000
Total	R12,250	750	3,000	500	-	16,500
Recurrent:-						
Personal Emoluments	13,712	19,283	15,440	20,231	18,419	87,085
Other Charges	3,500	4,000	4,200	4,200	4,200	20,100
Total	R17,212	23,283	19,640	24,431	22,619	107,185

49. Agricultural Development Corporation

It is proposed, following the lines of the Biggs Report, and after consultation with the United Nations Industrial Adviser, to establish an apex organisation for agricultural development. The title of the organisation is at present provisional and is used here to accord with the Industrial Development Corporation, which it is proposed will replace the BAFED scheme. The functions of the Corporation will be to develop the agricultural and livestock industries on commercial lines. It will in many ways resemble the Marketing Unions in Zambia and elsewhere in Africa. It will make contracts with individual farmers and Co-operatives to produce cash crops for export. It will supply them with implements, seed and fertilizer or arrange mechanised farming for them. It will purchase the crops at pre-arranged prices. The proposals for the Corporation are still in their very early stages and it is only possible to give notional figures for the capital required. It is suggested that the Corporation should have some free capital and some capital on a soft loan basis.

Table 2

Agricultural Development Corporation (A.2.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Loan	50,000	50,000	50,000	50,000	50,000	250,000
Grant	25,000	25,000	-	-	-	50,000
Total	R75,000	75,000	50,000	50,000	50,000	300,000

Capital would be invested, inter alia, in warehousing, transport, tractors and other farm machinery.

50. Soil Conservation and Land Use Planning

The ODM Mission Report on Soil Conservation is generally accepted. The Government, however, wishes to shift the emphasis from Soil Conservation which implies a negative, defensive, approach to one of Land Use Planning. Land use planning is the framework of agricultural policy on the technical side, and goes hand in hand with the economic planning and commercial development referred to above.

51. A national development programme can only be as effective as the planning that preceeds it and the availability of adequate facilities to implement the recommendations embodied in the plan. In this respect, therefore, the Conservation and Land Use Services of the Ministry will be required to play a major role. However, as things are at present, the facilities available are hopelessly inadequate in terms of equipment and staff. The equipment is old and uneconomical, and there is an inadequacy of professional and technical staff to support a nationwide development programme. In short, the development programme of the Ministry is to be based on the policy of concentrating its activities in areas that are inherently productive, i.e. areas where response to improved techniques will be immediate and returns maximum. It will, therefore, be necessary to locate those areas which have the basic properties for intensive production, to plan these areas, and to install the necessary capital works, contributing towards a better agricultural economy.

52. The recent recruitment of professional staff in the fields of irrigation, pasture research and management, and land use planning, now makes it possible to give these vital disciplines the attention they require. To date, it has been possible to tackle these particular problems on a piecemeal basis only. Experience in the past has proved that improved production is possible but can only be realised if adequate staff and facilities are available for proper planning and implementation. The small irrigation projects started in the Thaba Phatsoa and Mejametalana Improvement Areas have proved most successful and indicate the need for further development and expansion in this field.

53. Basutoland is well endowed with good productive land and water supplies. These resources, however, are not being fully utilised at present. It is estimated that there are about 50,000 acres of irrigable land in the territory. This large area has to be surveyed and planned initially for short term development and eventually for long term development. Short term planning will be confined to those areas adjacent to rivers, the development of which will be easier in that the necessary capital works will be simpler and relatively inexpensive. Long term

planning will involve areas further from the source of water and requiring more expensive major capital works.

54. The staff and equipment proposed below are required to carry out the planning and implementation of this programme on a phased basis. Short term projects could be planned and implemented immediately, whereas long term planning would take two to three years to complete, after which an implementation programme could be drawn up. Not only is the Conservation and Land Use Services concerned with the development of intensive crop production but is also vitally concerned with the proper utilisation of our grazing areas. This ecological zone covers the whole of the Orange River Catchment in Basutoland. The proper conservation and utilisation of our grasslands is not only closely related to the livestock industry in terms of increased production of animal products, but is equally related to the long term development of our water resources.

55. To give overall direction to land use planning, it is proposed to establish a statutory Natural Resources Board which will be responsible, inter alia, for:-

(a) General supervision of natural resources;

(b) The rousing of public interest in conservation and improvement of natural resources;

(c) Advising Government on legislation and other measures to conserve and improve natural resources.

Legislation will also be necessary for the following:-

(i) Land Use Planning.
(ii) Correct Use of Arable Land.
(iii) Mechnical Protection of Arable Land.
(iv) Veld Management and Fire Control.
(v) Irrigated Land.
(vi) Livestock Management.
(vii) Water Conservation.
(viii) Protection of Stream Banks, Dams, etc.
(ix) Land Tenure and Land Appropriation.

FIVE YEAR PLAN FOR CONSERVATION AND LAND USE PLANNING

56. The Soil Conservation and Land Use Planning Services of the Ministry will be primarily responsible for all the basic planning required by the various field projects incorporated in the Development Plan. Now that the results of the Soil Survey are available it will be possible to complete the Agro-Ecological Survey which is vital to the economic planning of the territory. This will consist of carrying out a Land Capability Survey as well as a Conservation Needs Inventory. Preparatory surveys and plans are to be drawn up for the development of the intensive production areas under irrigation, i.e. ± 50,000 acres and the semi-intensive production areas under dryland cropping, i.e. ± 100,000 acres. Once these plans are compiled the various conservation and development works will be installed.

Table 3

Conservation Production Target

	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Area Planned	20,000	25,000	30,000	30,000	30,000	135,000
Area Protected	15,000	15,000	15,000	15,000	15,000	75,000
Area Developed	5,000	5,000	10,000	15,000	15,000	50,000
Dams (Minor)	75	75	75	75	75	375
Dams (Major)	4	5	6	6	6	27

57. As the ODM Mission Report remarks - para. 53 - the Soil Conservation Programme entails a very large amount of expenditure which cannot be seriously pruned. The capital figure in the ODM Mission Report R906,000 is agreed, but has been phased out a little more. It is still impossible to give even phasing because much of the earth moving equipment is worn out and needs early replacement. The recurrent figures are, however, re-estimated and are in total somewhat higher. The ODM Mission Report is followed in treating Running and Maintenance of Plant and Casual Labour as "recurrent" costs to go on the budget. It could, however, be argued that part of these figures at least are the cost of capital construction.

Table 4

Programme for Soil Conservation (A.3.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Transport & Earth-Moving Equipment	354,000	141,200	113,800	-	-	609,000
Construction & Survey	33,400	32,000	30,500	32,000	30,500	158,400
Building & Housing	79,500	32,000	2,800	2,800	2,900	120,000
Field Accommodation	7,700	3,700	1,750	2,000	600	15,750
Oxen & Horses	850	850	150	850	150	2,850
Total	R475,450	209,750	149,000	37,650	34,150	906,000
Recurrent:-						
Personal Emoluments	93,161	107,004	124,927	127,836	146,733	599,661
Other Charges	234,500	255,500	285,000	323,500	357,000	1,455,500
Total	R327,661	362,504	409,927	451,336	503,733	2,055,161

58. Agricultural Extension and Training

Agricultural Training School

The Government agrees almost entirely with the ODM Mission Report on the need to expand the Agricultural Training School. The Agricultural Training School trains the future staff of the Department of Agriculture, and at present is putting out about 30 men and 10 women graduates each year. Entrants are normally post Junior Certificate, but there is an increasing trend towards Cambridge Overseas School Certificate entrants. Students spend six months on one of the Government Training Farms before entering

for staff in-service training, farmer training, and possible Community Development in the near future.

59. The School has recently received a grant of R170,000 from Swedish Aid for the construction of an assembly hall, laboratory, home-economics teaching block, women's residence, two senior staff houses and an administrative block. With these additions, and the professional staff, the School will be raised to the status of a College. The construction of these new buildings, and the presence of graduate teachers will fulfill the statement by the 1964 UNESCO Mission: "This school is of the greatest immediate importance to the economy of the country, and should be developed as strongly as possible, as soon as possible". The capital programme in the ODM Mission Report is, however, not adequate. In addition to the Swedish Aid grant of R170,000, an amount of approximately R70,000 is needed for a men's residence, staff housing and a food store. To date the bulk of the teaching has been carried out by certificate standard teachers and senior officers of the Ministry. This is a most unsatisfactory state of affairs. Provision is now made for the employing of graduate and diplomate teachers on the permanent school staff, and the standard of the present course will be raised to that of a recognized diploma over a period of years. The enlarged school will be able to produce 62 diplomates (approx. 50 men and 12 women) per annum. This production target is based on meeting natural wastage of existing departmental staff, staff increase requirements, and eventually training of young people for private enterprise associated with the rural and domestic economy of the country.

Table 5

Agricultural Training School (A.4.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Buildings	61,250	-	-	-	-	61,250
Vehicles	-	-	2,400	6,000	-	8,400
Equipment	8,680	150	150	200	200	9,380
Total	R69,930	150	2,550	6,200	200	79,030
Recurrent:-						
Personal Emoluments	35,647	40,084	43,193	43,522	40,349	202,795
Other Charges	22,870	21,670	23,170	21,820	23,670	113,200
Total	R58,517	61,754	66,363	65,342	64,019	315,995

60. Farmers Training Centres

The ODM Mission Report (para. 55) also supports the establishment of two Farmers Training Centres, additional to the two financed by OXFAM. The Lesotho Government considers that it would be better to have four small additional centres than two large ones. The two existing large centres are in the lowlands, one at Leribe and one at Mohales Hoek. The four new small centres will be in the mountains, at Mokhotlong, Qacha's Nek, Marakabei and Pelaneng, and will accommodate 20 people each at a time. They will cater mainly for livestock farmers. Courses are run on a weekly basis, the Centre bus collecting participants on Sundays and

attend with them. The farmers pay 40 cents per day, and in return get comfortable accommodation and a balanced diet, the latter costing about 20 cents per day. Evaluation has shown that this kind of teaching is highly effective, and this can be attributed to good teaching facilities, comfortable living, and reasonable amount of learning, and the fact that courses are programmed for specific needs. Courses held so far include: vegetable growing, nutrition, poultry, home economics, sheep field crops, Co-operatives, tractors. A number of young farmers, usually 10, spend six months continuously at the Centres learning practical farming. The Centres are also used frequently for staff in-service training. It is planned to have 8,000 farmers in 300 courses visit the six Centres each year. The capital cost is somewhat higher than in the ODM Mission Report, but the recurrent costs, which have been re-estimated are lower.

Table 6

Farmers Training Centres (A.5.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Building	43,000	40,000	40,000	40,000	-	163,000
Vehicles	5,700	3,200	9,200	5,700	6,000	29,800
Equipment	5,000	5,000	5,000	5,000	2,000	22,000
Fencing & Water	2,000	2,000	2,000	2,000	-	8,000
Total	R55,700	50,200	56,200	52,700	8,000	222,800
Recurrent:-						
Personal Emoluments	22,326	31,518	31,362	41,695	35,974	162,875
Other Charges	15,370	18,520	22,995	26,900	28,170	111,955
Total	R37,696	50,038	54,357	68,595	64,144	274,830

61. Other Training and Education Schemes

The ODM Mission Report (para. 58) attaches some importance "to schemes for Farm Machinery and Workshop Training, Assistance to Women's Organisations." The Lesotho Government agrees that these small schemes should continue. The estimates for capital and recurrent expenditure are similar to the ODM Mission Report.

62.

Table 7

Farm Machinery and Workshop Training (A.6.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Lecture Hall & Office	4,600	-	-	-	-	4,600
Transport (1 Truck)	2,000	-	-	-	-	2,000
Workshop & Office Equipment & Tools	700	500	200	100	100	1,600
Total	R 7,300	500	200	100	100	8,200
Recurrent:-						

(See over)

Farm Machinery and Workshop Training (A.6.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Recurrent:-						
Personal Emoluments	8,986	11,851	10,034	13,181	10,642	54,694
Other Charges	1,970	2,050	1,980	2,180	2,404	10,584
Total	R10,956	13,901	12,014	15,361	13,046	65,278

63. Table 8

Assistance to Women's Associations (A.7.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Vehicles	-	2,880	1,970	-	-	4,850
Office Equipment/ Demonstration Equipment	125	125	10	10	10	280
Office, Store, Demonstration Building	10,000	-	-	-	-	10,000
Total	R10,125	3,005	1,980	10	10	15,130
Recurrent:-						
Personal Emoluments	6,534	2,675	2,821	2,985	3,149	18,164
Other Charges	2,910	2,260	1,960	2,260	2,560	11,950
Total	R 9,444	4,935	4,781	5,245	5,709	30,114

64. Nutrition Education

This project, which is also supported by the ODM Mission Report, is a continuation of the Food and Nutrition Demonstration and Training programme which has been carried out with the help of F.A.O. and U.N.I.C.E.F. under a C. D. & W. grant D.4854. The agreement with the international organisation ceases in December, 1967. It is intended to follow the initial programme to its logical conclusion by applying the lessons learnt in the demonstration areas to the country as a whole. This will entail the reduction of demonstration areas to small effective training areas and the posting of nutrition personnel to unit areas as envisaged in the Agricultural Extension Services. Training of Assistant Nutrition Agents would continue as present. In the field they would be under the supervision of Assistant Home Economics Supervisors. The total estimates (including those for audio-visual aids) bear a close relationship to the final figures for Nutrition Education as shown in the ODM Mission Report. The main difference laying in the relative distribution of funds between capital and recurrent expenditure. This is due to the major policy decision to apply Nutrition Education on a wider basis.

Nutrition Education (A.8.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Transport	-	2,500	2,500	3,700	-	8,700
Housing & Furniture	21,250	21,250	25,500	25,500	31,875	125,375
Total	R21,250	23,750	28,000	29,200	31,875	134,075
Recurrent:-						
Personal Emoluments	32,298	35,464	36,550	37,684	38,794	180,790
Other Charges	10,800	7,920	9,520	9,620	11,220	49,080
Total	R43,098	43,384	46,070	47,304	50,014	229,870

65. Additional Agricultural Staff

The ODM Mission Report, at para. 56 and Appendix IV, recommends a substantial increase in the staff side of the Ministry of Agriculture, particularly of professional staff and extension workers. There appears, however, to have been a serious misunderstanding of numbers involved. The figures at Appendix IV give the numbers already on establishment in 1965/66 and the gross (i.e. existing establishment plus increase). As a consequence, the increase required is over-estimated. A revised version of Appendix IV is shown in Table 10, page 23).

The Other Charges figure in the ODM Mission Report likewise included the 1965/66 total. Moreover, a large part of the increase was for housing, which should be treated as capital. The revised figures are as follows:-

Table 11

Additional Personnel (A.9.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Field Housing	R46,500	75,000	75,000	75,000	75,000	346,500
Recurrent:-						
Personal Emoluments	49,470	83,190	100,570	115,870	121,980	471,080
Other Charges	12,850	22,780	37,780	42,780	42,780	158,970
Total	R62,320	105,970	138,350	158,650	164,760	630,050

66. Agricultural Information Service

The ODM Mission Report (para. 61) pays tribute to the Agricultural Information Service and supports its existence independent of the Central Department of Information. The Government agrees with this. The Report, however, makes no specific provision for either capital or recurrent costs of the service which have hitherto been carried on the budget. It

(cont.... p.24)

Table 10

STAFF REQUIREMENTS (Department of Agriculture, excluding Livestock Personnel) Rs.000

	*1966/67	1967/68	1968/69	1969/70	1970/71	1971/72	REMARKS
A. NUMBERS							
1. Professional	8	15	18	18	18	18	*Present budgetary approved expenditure 1966/67.
2. Senior Technical & Administrative.	13	16	16	16	16	16	Increase of two Executive Officers and upgrading of Farm Training Officer.
3. Junior Technical	259	290	320	345	362	362	Decrease of 31 personnel as already included in Soil Cons. & Information Dev. Sch.
4. Clerical & Subordinate	42	42	47	49	51	51	Includes 10 Drivers who were excluded in ODM Report. Already on approved establishment.
B. TOTAL EMOLUMENTS							
1. Professional	29,60	59.08	74.00	76.47	79.02	81.66	Professional staff assumed on average starting salary of R3200 + 25% gratuity.
2. Senior Technical & Administrative	31.60	38.15	39.35	40.66	42.21	43.61	
3. Junior Technical	160.56	184.78	210.19	233.74	254.32	266.63	Starting salary for Junior Technical now R516 p.a.
4. Clerical & Subordinate	28.50	29.92	33.91	36.56	39.38	41.34	
TOTAL COST	i/250.26 i/(262.46)	311.93	357.45	387.43	414.93	433.24	= R1,904,98. A decreae of 201.82 over the ODM calculation of R2,106.80

i/ Incremental credit for existing established staff at 1967/68 level = approx. R12.20 per annum.

is considered necessary to set up the service on a firm basis and provide it with necessary equipment and staff.

67. Under the proposed Agricultural Department organisation both the Extension and Information Services will fall under a single head. The present extension staff will be organised into four main categories of Livestock, Conservation, Crop and Extension Assistants, each of which will receive more specialised training. Extension Assistants will be mainly responsible for promoting interest in agricultural improvement, whilst the other categories will provide to the farmer the detailed advice which is needed on livestock, conservation and crop matters respectively. Close co-ordination of activities will be essential between divisions, and this will be obtained through District and Headquarters Co-ordination and Planning Committees. Extension and Information Services will serve each of the other divisions. The Extension Service will promote and maintain interest in the more general aspects of development projects, whilst the Information Service will provide the 'tools' necessary to both the more specialised livestock, conservation and crop Assistants for their detailed extension work, and to the Extension Assistants for their more general work. It will be necessary for the Information Service to produce a greater number and higher quality of visual-aids and campaigns, each of which must be designed with particular local needs and objectives in view.

Table 12

Agricultural Information Service (A.I.O.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Transport (Mobile Units)	10,000	10,200	10,400	5,300	5,400	41,300
Audio-Visual Aids	3,400	2,400	2,400	2,400	2,400	13,000
Buildings, Furniture & Equipment	36,300	100	100	100	100	36,700
Camping Equipment	200	200	200	200	200	1,000
Total	R49,900	12,900	13,100	8,000	8,100	92,000
Recurrent:-						
Personal Emoluments	22,840	26,795	26,291	30,403	32,787	139,116
Other Charges	16,920	16,640	19,960	18,480	21,800	93,800
Total	R39,760	43,435	46,251	48,883	54,587	232,916

68. Research Projects

The ODM Mission Report (para. 60) supports the continuation of Research into Veld and Pasture Management and into Irrigation. These research schemes under the approved C. D. & W. grants were in an case to run until 1968. The schemes have not hitherto been charged to Basutoland's territorial allocation of C. D. & W. funds, but are being included now, following the ODM Mission's lead. It is at least arguable that the whole cost could be regarded as capital. The Pilot Irrigation Projects scheme is absorbed into Soil Conservation.

69.

Table 13

Irrigation Research (A.11.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Buildings	11,200	9,460	-	-	-	20,660
Transport	-	-	-	2,300	-	2,300
Pumps, Piping, etc.	2,200	2,310	200	200	200	5,110
Scientific Equipment	450	500	100	120	150	1,320
Farm Machinery	5,500	-	-	-	-	5,500
Total	R19,350	12,270	300	2,620	350	34,890
Recurrent:-						
Personal Emoluments	6,002	10,671	7,786	11,487	8,206	44,152
Other Charges	5,365	7,475	8,505	9,230	10,165	40,740
Total	R11,367	18,146	16,291	20,717	18,371	84,892

70.

Table 14

Veld Management and Pasture Research (A.12.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Housing	2,700	-	-	-	-	2,700
Transport	-	-	-	2,500	-	2,500
Fencing	1,000	500	500	500	-	2,500
Instruments, Tools, etc.	3,000	2,000	1,500	1,000	1,000	8,500
Livestock	-	-	7,000	-	-	7,000
Total	R 6,700	2,500	9,000	4,000	1,000	23,200
Recurrent:-						
Personal Emoluments	8,729	6,926	9,727	7,804	10,521	43,707
Other Charges	5,095	5,865	6,785	7,755	9,075	34,575
Total	R13,824	12,791	16,512	15,559	19,596	78,282

71. Section of Agricultural Botany

The existing schemes financed by Freedom from Hunger Campaign are recommended in the ODM Mission Report for continuation. These schemes provide for wheat seed multiplication and for seed testing. The Government agrees with the recommendationso far as it goes, but contemplates the incorporation of these small schemes in something rather more ambitious, namely a Section of Agricultural Botany. The Section will be concerned with seed production, the control of plant diseases and pests and with seed storage.

72.

Table 15

Section of Agricultural Botany (A.13.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Buildings	15,600	2,800	2,800	-	-	21,200
Laboratory Equip.	2,000	1,000	500	-	-	3,500
Transport	2,000	-	-	-	-	2,000
Total	R19,600	3,800	3,300	-	-	26,700
Recurrent:-						
Personal Emoluments	13,451	16,980	13,074	18,358	13,806	75,669
Other Charges	3,360	2,090	2,260	3,830	2,520	14,060
Total	R16,811	19,070	15,334	22,188	16,326	89,729

73. Agricultural Credit

The provision of credit is of great importance to agricultural development. It is, however, more convenient to follow the ODM Mission Report and deal with it in a separate chapter.

74. Financial Summary

A revised financial summary for comparison with the ODM Mission Report, Table 14, is shown at Tables 16 and 17. It should be emphasised that the recurrent expenditure is exclusive in 1966/67 budget expenditure, but inclusive of C. D. & W. expenditure.

Table 16

FIVE YEAR PLAN ..... AGRICULTURE ..... CAPITAL SUMMARY

NO.	PROJECT TITLE	1967 - 68		1968 - 69		1969 - 70		1970 - 71		1971 - 72		TOTAL	
		GRANT	LOAN	GRANT	LOAN	GRANT	LOAN	GRANT	LOAN	GRANT	LOAN	GRANT	LOAN
A.1.	Economics & Marketing	12,250	-	750	-	3,000	-	500	-	-	-	16,500	-
A.2.	Agric. Dev. Corp.	25,000	50,000	25,000	50,000	-	50,000	-	50,000	-	50,000	50,000	250,000
A.3.	Soil Conservation & Land Use Planning	475,450	-	209,750	-	149,000	-	37,650	-	34,150	-	906,000	-
A.4.	Agric. Training School	69,930	-	150	-	2,550	-	6,200	-	200	-	79,030	-
A.5.	Farmers Training Centres	55,700	-	50,200	-	56,200	-	52,700	-	8,000	-	222,800	-
A.6.	Farm Machinery Workshop Training	7,300	-	500	-	200	-	100	-	100	-	8,200	-
A.7.	Assistance to Women's Associations	10,125	-	3,005	-	1,080	-	10	-	10	-	15,130	-
A.8.	Nutrition Education	21,250	-	23,750	-	28,000	-	29,200	-	31,875	-	134,075	-
A.9.	Additional Personnel	46,500	-	75,000	-	75,000	-	75,000	-	75,000	-	346,500	-
A.10.	Agric. Info. Service	49,900	-	12,900	-	13,100	-	8,000	-	8,100	-	92,000	-
A.11.	Irrigation Research	19,350	-	12,270	-	300	-	2,620	-	350	-	34,890	-
A.12.	Veld Management & Pasture Research	6,700	-	2,500	-	9,000	-	4,000	-	1,000	-	23,200	-
A.13.	Agric. Botany	19,600	-	3,800	-	3,300	-	-	-	-	-	26,700	-
	T O T A L ..... R	819,055	50,000	419,575	50,000	341,630	50,000	215,980	50,000	158,785	50,000	1,955,025	250,000

R2,205,025

Table 17

Agriculture : Recurrent Expenditure arising from the Development Plan

No.	Project Title	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
A.1.	Agricultural Economics & Marketing	17,212	23,283	19,640	24,431	22,619	107,185
A.2.	Agricultural Development Corporation	-	-	-	-	-	-
A.3.	Soil Conservation	327,661	362,504	409,927	451,336	503,733	2,055,161
A.4.	Agricultural Training School	58,517	61,754	66,363	65,342	64,019	315,995
A.5.	Farmer Training Centres	37,696	50,038	54,357	68,595	64,144	274,830
A.6.	Farm Machinery & Workshop Training	10,956	13,901	12,014	15,361	13,046	65,278
A.7.	Assistance to Women's Associations	9,444	4,935	4,781	5,245	5,709	30,114
A.8.	Nutrition Education	43,098	43,384	46,070	47,304	50,014	229,870
A.9.	Additional Personnel	62,320	105,970	138,350	158,650	164,760	630,050
A.10.	Agricultural Information Service	39,760	43,435	46,251	48,883	54,587	232,916
A.11.	Irrigation Research	11,367	18,146	16,291	20,717	18,371	84,892
A.12.	Veld Management and Pasture Research	13,824	12,791	16,512	15,559	19,596	78,282
A.13.	Section of Agricultural Botany	16,811	19,070	15,334	22,188	16,326	89,729
	Total .... R	648,666	759,211	845,890	943,611	996,924	4,194,302

Table 18

Estimated Revenue

		1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
A.4.	Agricultural Training School	1,530	1,530	1,530	1,530	1,530	7,650
A.5.	Farmers Training Centres	7,200	9,000	10,800	12,600	14,400	54,000
	Total ..... R	8,730	10,530	12,330	14,130	15,930	61,650

CHAPTER III

L I V E S T O C K

75. The general conclusions of the ODM Mission Report on Livestock are agreed. This is a field in which there is great scope for development, and the Government proposes to pursue a vigorous policy to that end. As with agriculture, Government believes it is of great importance to creat a fully organised marketing system and the Division of Agricultural Economics will have responsibilities in livestock too. The Government intends that the organisation of livestock marketing shall lead not only to more and better production, but to the establishment too of a livetock industry, including an abattoir with various by-products, hides and skins production, a wool pully and tannery. The feasibility of a wool processing plant is being studied.

THE FIVE YEAR PLAN FOR LIVESTOCK DEVELOPMENT

76. The Livestock Division's overall objectives are to improve the production, quality and preparation of livestock products. The intention is both to improve the revenue to the country from the export of livestock products and also to cater for increased local consumption, particularly of food-stuffs. In addition, the Livestock Division must be in a position to prevent or control major disease outbreaks.

77. The economic objectives can be stated in general terms but their achievement will depend upon factors outside this Ministry's control - grazing improvement, climate, etc. However, they can be defined as:-

(a) Wool and Mohair. An increase of about 1% per annum in quantity. There should also be an improvement in quality and get up, which if the world markets remain stable, should give an increase in wool prices of about 25% and mohair prices of about 10%.

(b) Meat. There should be an increase of at least 50% in the export of cattle on the hoof, and a decrease of 50% in the import of young tollies. It is anticipated that the offtake of mutton and goat meat for export or local consumption should increase by at least 20%. There should be an increase of about 210,000 lbs. in the supply of poultry meat.

(c) Eggs. It is anticipated that the production of eggs should be increased by about 7 million eggs eggs per annum. These will be consumed locally. The present limited import of eggs should cease.

(d) Milk. There should be an increase of a 25% in the milk available for local consumption.

(e) Fish. It is anticipated that local fish production should be increased by 20,000 lbs. per annum.

78. The objectives under (77) should be brought about by a big increase in extension work amongst farmers, backed up by a competent technical service providing advice and facilities. Advice will particularly concentrate on improved nutrition, breeding and general management. Facilities will include improved sires (or improved stock), better veterinary services, especially for control of internal and external parasites, and assistance with preparation and grading.

79. It is essential to have some new legislation to ensure that the livestock industry is developed to the fullest extent, to cover, inter alia, the following:-

(a) Grazing Control.

(b) Stricter Control of Livestock Importation.

(c) Stricter Disease Control Legislation.

(d) Marketing Legislation:

(i) Wool and Mohair - Improved legislation is required for both grading and marketing of wool and mohair.

(ii) Hides and Skins - The ODM Mission's recommendation for one-channel marketing is accepted, and will be implemented.

(iii) Cattle Marketing - Legislation for one-channel marketing will be necessary if an abattoir is established. Meanwhile, it is, in any case, necessary to control the present unsatisfactory state of affairs.

(e) Poultry Development:

Legislation to provide an embargo on the importation of eggs into Lesotho may be necessary to prevent egg surpluses.

(f) Sheep Dipping (Ked Eradication):

The eradication of ked must be a "once and for all" operation, involving all the sheep in the country. Existing Scab Eradication Legislation can be amended without difficulty.

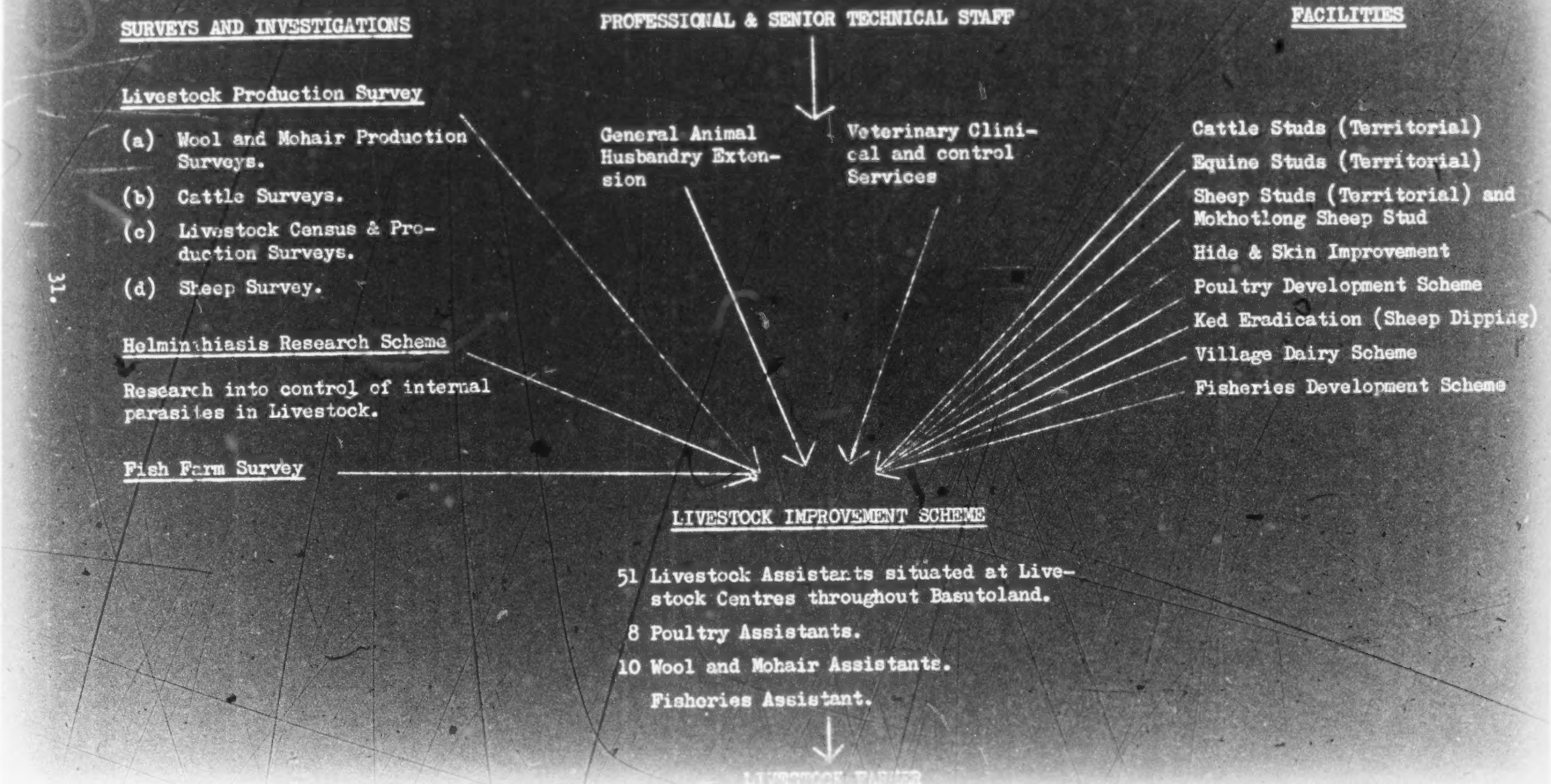
80. The schemes for Livestock Development are closely related to one another. The largest scheme, Livestock Improvement is central with all the other schemes, and the Professional and Technical Staff feeding it, as the diagram at page 31 shows.

81. Livestock Improvement

Government agrees entirely with the ODM Mission Report (paras. 82 and 94) on the question of Livestock Improvement and Livestock Improvement Centres. The Livestock Improvement scheme is designed to provide Basutoland with Professional, Technical and Administrative staff at all levels, to deal adequately with the development of the Livestock Industry and to bring about the changes needed in this industry. The scheme envisages the establishment of some 51 Livestock Improvement Centres, strategically situated throughout the country, each Centre being staffed by a well-trained Livestock Assistant, whose dual training in Veterinary Science and Animal Husbandry qualifies him well for this work. Each Centre controls an area of some 200 sq. miles and becomes the focal point of Livestock Services in that area. The key men in the scheme are the Livestock Assistants through whom all services, extension /cont. over

Table 18

Livestock Division


SURVEYS AND INVESTIGATIONS
Livestock Production Survey
(a) Wool and Mohair Production Surveys.
(b) Cattle Surveys.
(c) Livestock Census & Production Surveys.
(d) Sheep Survey.
Helminthiasis Research Scheme
Research into control of internal parasites in Livestock.
Fish Farm Survey
PROFESSIONAL & SENIOR TECHNICAL STAFF
General Animal Husbandry Extension
Veterinary Clinical and control Services
FACILITIES
Cattle Studs (Territorial)
Equine Studs (Territorial)
Sheep Studs (Territorial) and Mokhotlong Sheep Stud
Hide & Skin Improvement
Poultry Development Scheme
Ked Eradication (Sheep Dipping)
Village Dairy Scheme
Fisheries Development Scheme
LIVESTOCK IMPROVEMENT SCHEME
51 Livestock Assistants situated at Livestock Centres throughout Basutoland.
8 Poultry Assistants.
10 Wool and Mohair Assistants.
Fisheries Assistant.

work, results of research, investigations and surveys, as well as Stud Livestock and other facilities are channelled to the Livestock Farmer. The scheme provides adequate Professional and Technical senior staff, whose main job will be the supervision, control and direction of the Field Livestock Assistants. It is anticipated that from the results obtained at existing Livestock Centres (on a small scale so far) that the Livestock Division will be able to achieve the results that are desired.

Table 19

Livestock Improvement (L.1.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Livestock Centres	20,000	20,000	20,000	20,000	-	80,000
Fencing & Water	5,000	5,000	5,000	5,000	-	20,000
Purchase of Vehicles	7,000	3,600	7,000	3,600	7,000	28,200
Veterinary, Stable, Office Equipment & Furniture	5,000	3,000	2,000	2,000	1,000	13,000
Construction of Houses	59,000	10,000	8,000	-	8,000	85,000
Construction of Offices	34,000	10,000	-	-	-	44,000
Horses, Mules, Equipment, Saddlery	2,000	500	500	400	400	3,800
Total.....	R132,000	52,100	42,500	31,000	16,400	274,000
Recurrent:-						
Personal Emoluments	55,888	71,792	73,136	89,920	85,104	375,840
Other Charges	44,400	54,800	62,500	70,000	76,500	308,200
Total	R100,288	126,592	135,636	159,920	161,604	684,040
Revenue:-	8,000	15,500	19,500	25,500	29,500	98,000

82. Mokhotlong Sheep Stud

It is proposed, following the ODM Mission Report's recommendation (para. 88) to open a Sheep Stud in the mountains, rather than extend the one in Maseru. This Stud will eventually produce 150-200 rams per annum for progressive farmersin Mokhotlong and Qacha's Nek, which are major sheep farming districts. The Stud will also be used for training staff and farmers.

Table 20

Mokhotlong Sheep Stud (L.2.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Buildings	10,000	-	-	-	-	10,000
Machinery & Equipment	10,000	1,000	-	4,000	-	15,000
Purchase of Stud Stock	6,000	6,000	-	-	-	12,000
Total	R26,000	7,000	-	4,000	-	37,000
Recurrent:-						

(See over)

Table 20 (cont)

Mokhotlong Sheep Stud (L.2.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Recurrent:-						
Personal Emoluments	1,044	1,092	1,176	1,230	1,284	5,826
Other Charges	4,500	6,100	6,250	6,050	6,150	29,050
Total	R 5,544	7,192	7,426	7,280	7,434	34,876
Revenue:-	660	3,520	5,720	5,720	5,720	21,340

83. Ked Eradication

The ODM Mission Report (para. 65) recommends a campaign to eradicate sheep ked, but makes no financial provision for this in its calculations. Sheep ked is a considerable cause of economic loss. It stains the wool, (and hence reduces its values), it reduces the weight of the wool per sheep, and causes loss of condition among sheep. The eradication of ked would increase the annual value of wool by as much as 1 to 2 cents per lb., and increase the weight by ½ lb. per sheep, giving an annual increased return of R152,000. It could be completely eliminated by a three year dipping programme. It is proposed to repair and use the sheep dipping tanks originally constructed for the Scab Eradication Campaign of the early nineteen-thirties. Ked must be totally eradicated and hence legislation for compulsory dipping would be required. A charge of 1 cent per head would yield revenue of R37,500. Two years would be needed to repair the tanks, followed by three years for the campaign. While the Five Year scheme includes "capital" and recurrent, it is considered that the whole could constitute a capital scheme of finite duration.

Table 21

Ked Eradication (L.3.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Repair & Construction of Dip Tanks	9,000	9,000	4,000	-	-	22,000
Vehicles	2,000	-	2,000	-	2,000	6,000
Total	R11,000	9,000	6,000	-	2,000	28,000
Recurrent:-						
Personal Emoluments	3,642	5,478	3,930	5,068	4,122	22,240
Other Charges	2,200	2,300	31,700	31,800	31,700	99,700
Total	R 5,842	7,778	35,630	36,868	35,822	121,940
Revenue:-	-	-	12,500	12,500	12,500	37,500

84. Helminthiasis Research

An even greater cause of economic loss in wool and mohair is the prevalence in both sheep and goats of internal parasites. As the ODM Mission Report remarks at para. 86, there is little scientific knowledge available on this question, and dosing is on a "hit or miss", rule-of-thumb basis. In order to attack the problem scientifically it is necessary to carry out a Five Year Research programme. It is estimated that the improvement in quantity and quality of wool and mohair would bring an increased income R690,000 per annum. The Helminthiasis Research scheme has already been approved as part of the Ministry of Overseas Development Research Programme. The ODM Mission Report is followed in treating it as a scheme implying both capital and recurrent charge to the budget. It could, however, be argued that it is a capital project only.

Table 22

Helminthiasis Research (L.4.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Laboratory Equipment	-	500	-	-	-	500
Purchase of Vehicles	-	5,000	-	-	-	5,000
Total	R -	5,500	-	-	-	5,500
Recurrent:-						
Personal Emoluments	14,882	17,576	16,278	19,070	17,383	85,189
Other Charges	10,700	8,650	8,150	8,850	8,450	44,800
Total	R25,582	26,226	24,428	27,920	25,833	129,989

85. Hide and Skin Improvement

The ODM Mission's Report recommendations on Hides and Skins (paras. 107 and 108) are entirely accepted. The one-channel marketing recommendation, para. 109, is also accepted and a marketing scheme will be worked out based upon the firm of H. Hides, which is Government-owned via the Co-operative Movement. The U.N. Industrial Adviser has also expressed his support for this action. The Hides and Skins Improvement scheme is the Ministry's technical counterpart to the marketing operations. The capital cost of this scheme is exactly as in the ODM Mission Report. Recurrent costs have been re-estimated. It is intended that the scheme as such should last for three years after which the personnel will be absorbed into the general structure of the Livestock Division of the Ministry.

Table 23

Hides and Skins Improvement (L.5.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Houses	11,000	-	-	-	-	11,000
Erection of 50 Hide Bandas	2,000	2,000	1,000	-	-	5,000
Purchase of Vehicles	2,000	-	2,000	-	-	4,000
Equipment, Office & Field	1,000	400	-	-	-	1,400
Camping Equipment	300	-	-	-	-	300
Total	R16,300	2,400	3,000	-	-	21,700
Recurrent:-						
Personal Emoluments	5,930	5,634	10,082	2,070	2,166	25,882
Other Charges	2,450	2,450	2,450	1,700	1,700	10,750
Total.....	R 8,380	8,084	12,532	3,770	3,866	36,632

86. Poultry Development

Since the ODM Mission was in the country in October 1966, a good deal more experience has been gained in poultry development. The poultry officer appointed under the Nutrition Scheme has experienced even more success than was expected. As a consequence, Government feels justified in going ahead more quickly than the Report recommends in the scheme to increase supply from 20,000 pullets a year at present to 70,000 in 1971/72. At first it is intended to buy day-old chicks for rearing, but after 1969, eggs will be incubated. By 1971/72, revenue from the sale of pullets should exceed expenditure.

Table 24

Poultry Development (L.6.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Buildings	7,000	8,000	-	-	-	15,000
Incubating & Brooding Equipment	3,000	2,500	2,000	-	-	7,500
Housing	2,500	-	-	-	-	2,500
Purchase of Vehicles	2,500	-	-	3,000	-	3,500
Total	R15,000	10,500	2,000	3,000	-	30,500
Recurrent:-						

(See over)

Table 24 (cont.)

Poultry Development (L.6.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Recurrent:-						
Personal Emoluments	5,490	5,850	6,146	6,720	7,184	31,390
Other Charges	16,500	21,300	19,900	18,400	17,800	93,900
Total.....	R21,990	27,150	26,046	25,120	24,984	125,290
Revenue:-	12,000	17,000	20,000	25,000	30,000	104,000

87. Fisheries

The small scheme, pioneered by OXFAM, to encourage fish farming in small ponds is considered worth continuing. The main object is to supplement the protein content of the human diet, but the personnel could also assist in stocking rivers with trout as a tourist attraction.

Table 25

Fisheries Development (L.7.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Purchase of Vehicle	1,700	-	-	2,000	-	3,700
Purchase of Boats, Nets, Pumps & Other Equipment	800	-	-	1,000	-	1,800
Total	R 2,500	-	-	3,000	-	5,500
Recurrent:-						
Personal Emoluments	3,970	5,602	3 948	1,026	1,636	13,182
Other Charges	1,310	1,350	1,350	1,250	1,300	6,560
Total	R 5,280	6,952	2,298	2,276	2,936	19,742
Revenue:-	600	700	1,200	1,200	1,200	4,900

88. Village Dairies

The ODM Mission Report recommends that the Freedom from Hunger Campaign's Village Dairy Scheme be continued under careful supervision. This is accepted and the schemes will continue under Government supervision. On the assumption that the three schemes are successful, provision is made for three more during the five year period. These, however, will be pursued only if the first three are running smoothly. It is probable that milk production on a larger scale is a matter to be taken up by the proposed Agricultural Development Corporation.

Table 26

Village Dairy Schemes (L.8.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Buildings	-	2,000	2,000	2,000	-	6,000
Fencing & Water	-	500	500	500	-	1,500
Equipment, Farm, Dairy, Office	-	500	500	500	-	1,500
Purchase of Vehicles	1,800	-	-	1,800	-	3,600
Purchase of Dairy Cows	-	1,000	1,000	1,000	-	3,000
Total ..... R	1,800	4,000	4,000	5,800	-	15,600
Recurrent:-						
Personal Emoluments	1,932	2,454	2,948	3,496	4,144	14,974
Other Charges	2,800	3,500	4,450	5,100	5,200	21,050
Total ..... R	4,732	5,954	7,398	8,596	9,344	36,024
Revenue:-	4,500	5,000	6,500	8,000	10,000	34,000

89. Livestock Production Survey

While this scheme is included under Livestock, it will in fact work with the Division of Agricultural Economics and Marketing. It is a somewhat more ambitious version of the Sheep Survey supported by the ODM Mission Report, at para. 89, and will extend to goats and cattle as well as sheep. It is considered important to have the basic facts derived from surveys for the purpose of planning and for assessing progress of the Development Plan.

Table 27

Livestock Production Survey (L.9.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Housing	9,000	-	-	-	-	9,000
Offices	2,000	-	-	-	-	2,000
Purchase of Vehicle	2,000	-	-	2,000	-	4,000
Equipment & Furniture	500	500	-	-	-	1,000
Total ..... R	13,500	500	-	2,000	-	16,000
Recurrent:-						
Personal Emoluments	3,782	6,846	7,730	7,746	12,767	38,871
Other Charges	3,100	7,700	7,800	7,600	7,700	33,900
Total ..... R	6,882	14,546	15,530	15,346	20,467	72,771

90. Establishment of Abattoir

The Government does not entirely agree with the ODM Mission Report on the question of an abattoir. It is certainly true as stated at para. 106 that an abattoir demands an organised marketing system, but the establishment of the two things to a very large extent are inter-dependent. While an organised marketing system is necessary for the success of an abattoir, it is also true that an organised marketing system needs an abattoir. The establishment of an abattoir would, in fact, create the conditions for an organised marketing system. The present level of cattle exports is just about the bare minimum needed for the economic operation of an abattoir and a meat processing plant. The offtake could be very much higher and the experience in Botswana suggests that the establishment of the abattoir would in itself increase it and stimulate the development of a livestock industry.

91. On the other hand, the Government entirely agrees that the marketing system should be overhauled. The exchange system is deeply rooted and out of date, uneconomic attitudes to cattle. Yet in the last year, Messrs. H. Hides and the Co-operative ovement have shown that the Basotho are more and more preferring to sell their cattle by weight and grade for cash. They are now handling 25% of exports, and are limited only to the availability of finance. The Government, however, would not feel justified in making this system cumpulsory until an abattoir is established. It would then be a simple matter to establish a system for supply of suitable immature cattle to replace the exchange system. The estimated capital cost of an abattoir and processing plant is in the vicinity of R460,000. A good deal of investigating, and preparatory work is needed and it is unlikely that the abattoir would begin until 1968. The source of finance has still to be determined, but for the present, it is shown as a Government loan figure spread over two years.

Table 28

Abattoir and Meat Processing (M.l.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-	R -	230,000	230,000	-	—	460,000

92. A financial summary in respect of capital and recurrent costs for Livestock is shown at Tables 29 and 30; and for Industry - Abattoir and Meat Processing, at Table 32.

Table 29

FIVE YEAR PLAN .....LIVESTOCK..... CAPITAL SUMMARY

NO.	PROJECT TITLE	1967 - 68		1968 - 69		1969 - 70		1970 - 71		1971 - 72		TOTAL	
		GRANT	LOAN	GRANT	LOAN	GRANT	LOAN	GRANT	LOAN	GRANT	LOAN	GRANT	LOAN
L.1.	Livestock Improvement	132,000	-	52,100	-	42,500	-	31,000	-	16,400	-	274,000	-
L.2.	Mokhotlong Sheep Stud	26,000	-	7,000	-	-	-	4,000	-	-	-	37,000	-
L.3.	Ked Eradication	11,000	-	9,000	-	6,000	-	-	-	2,000	-	28,000	-
L.4.	Helminthiasis Research	-	-	5,500	-	-	-	-	-	-	—	5,500	-
L.5.	Hides & Skins Improvement	16,300	-	2,400	-	3,000	-	-	-	-	-	21,700	-
L.6.	Poultry Development	15,000	-	10,500	-	2,000	-	3,000	-	-	-	30,500	-
L.7.	Fisheries Develop.	2,500	-	-	-	-	-	3,000	-	-	-	5,500	-
L.8.	Village Dairy Schemes	1,800	-	4,000	-	4,000	-	5,800	-	-	-	15,600	-
L.9.	Livestock Production Survey	13,500	-	500	-	-	-	2,000	-	-	-	16,000	-
	TOTAL ..... R	218,100	-	91,000	-	57,500	-	48,800	-	18,400	-	433,800	-

Table 30

Livestock : Recurrent Expenditure arising from the Development Plan

Project Title	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Livestock Improvement	100,288	126,592	135,636	159,920	161,604	684,040
Mokhotlong Sheep Stud	5,544	7,192	7,426	7,280	7,434	34,876
Ked Eradication	5,842	7,778	35,630	36,868	35,822	121,940
Helminthiasis Research	25,582	26,226	24,428	27,920	25,833	129,989
Hides & Skins Improvement	8,380	8,084	12,532	3,770	3,866	36,632
Poultry Development	21,990	27,150	26,046	25,120	24,984	125,290
Fisheries Development	5,280	6,952	2,298	2,276	2,936	19,742
Village Dairy Schemes	4,732	5,954	7,398	8,596	9,344	36,024
Livestock Production Survey	6,882	14,546	15,530	15,346	20,467	72,771
Total ..... R	184,520	230,474	266,924	287,096	292,290	1,261,304

Table 31

Estimated Revenue

	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Livestock Improvement	8,000	15,500	19,500	25,500	29,500	98,000
Mokhotlong Sheep Stud	660	3,520	5,720	5,720	5,720	21,340
Ked Eradication	-	-	12,500	12,500	12,500	37,500
Poultry Development	12,000	17,000	20,000	25,000	30,000	104,000
Fisheries Development	600	700	1,200	1,200	1,200	4,900
Village Dairy Schemes	4,500	5,000	6,500	8,000	10,000	34,000
Total ..... R	25,760	41,720	65,420	77,920	88,920	299,7[illegible]

Table 32

Industry : Abattoir & Meat Processing (CAPITAL)

		1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Abattoir & Meat Processing	R	-	230,000	230,000	-	-	460,000

CHAPTER IV

CREDIT, CREDIT INSTITUTIONS AND CO-OPERATIVES

93. The Co-operative Movement is not concerned solely with credit: it has an important role in marketing and in small savings too. It is, nevertheless, convenient to follow the example of the ODM Mission Report and deal with Co-operatives along with the question of credit.

94. The Co-operative Movement : General

The Government of Lesotho is fully committed to the development of a strong Co-operative Movement in the country. The reasons for its commitment are not only economic: quite apart from its economic value, the Movement is of great importance in the basic social and educational development of the community. It is not necessary here to repeat the arguments in support of this, they are already known and widely accepted. In Lesotho, they have even more force, perhaps, than elsewhere. Indigenous private enterprise is weak and lacking in opportunities. The Co-operative Movement provides a most important medium, other than Government itself, for economic action on the part of the broad mass of the people. It is the very essence of economic development that the people become economically aware; the best way of ensuring this is by their participation in a business under their own control.

95. The past history of the Co-operative Movement has been much documented and need not be repeated here. The Government does not entirely agree with the statement in para. 21 of the ODM Mission Report that too much money was made available too quickly. Under the circumstances which in fact arose this might well be true, but it was the circumstances which caused the trouble not the money itself. Circumstances, and especially the political squabbling in the BCBU, might have been avoided if more money had been made available earlier for adequate staffing of the Co-operative Department. The recommendations of the Biggs Report on Marketing and of the Adviser on Co-operatives Report are fully accepted. The Co-operative Movement is being integrated into an overall policy for marketing and credit, under the supervision of a Co-operative Development Division of the Ministry of Agriculture. The "draconian" legislation discussed at para. 119 of the ODM Mission Report has already been passed.

96. The apex organisations for the Co-operative Movement, for credit and for the agricultural developments need careful planning. The Co-operative Union of Basutoland is a Co-operative in name only. It is, in fact, controlled by Government and came into existence as an ad hoc measure to prevent the liquidation of the assets of the B.C.B.U. The proposal to create an Agricultural Development Corporation has been discussed in Chapter II. It is also intended to establish a National Development Bank on the lines of the Spall Report, and supported in the ODM Mission Report at para. 120. It might be objected that there is no point in having a Government-controlled apex Co-operative as well as statutory organisations which can easily carry out its functions. The Government, however, proposes to tread slowly in this matter. There is much to be said for the Co-operative Movement having its own apex, and functional divisions between the C.U.B., Agricultural Development Corporation and the National Development Bank are not difficult to make. If the C.U.B. continues, it should be restored to co-operative control as soon as possible. A final point is that the C.U.B. and its

wholly owned subsidiary, H. Hides, are going concerns - among the very few in Lesotho at present - and should not be disturbed unless and until something much better is devised to replace them.

97. Meanwhile, the task ahead is to build up the primary societies, train their committees and employees and relate their operations to the Development Plan in agriculture, livestock and the rest. To achieve this, some build up of the Co-operative Division is necessary, with emphasis shifting from a purely statutory role to one of development which is to be supported by a vigorous programme of education, and also by strict supervision of societies. The plan at present is probably over-modest in this respect, but it should be remembered that the Division is expected to have U.N. expert assistance at a high level, and that the C.U.B., the Agricultural Development Corporation and the National Development Bank will also have staff working, developing with, and training the Co-operative Movement.

98. There are at present 204 Societies. Of this number, 1 is an apex Finance and Marketing Union, 28 Credit Unions and 175 primary Societies which include Marketing, Thrift and Credit, Consumer, Savings and Artisan Societies. There is a very high demand for new registrations, particularly of Credit Unions and Thrift and Credit Societies. The demand for education and audit services provided by the departmental staff is now more than the small departmental field staff of 25, including the Registrar and his Deputy, can cope with. Additional staff is required to supervise Societies and to have their books audited systematically and regularly. If the scheme for re-organisation, revitalization and development of the Co-operative Movement is to be implemented satisfactorily and successfully, it is imperative that the staff of the Department of Co-operative Development should be augmented to meet increased responsibilities of the Movement.

99. A programme of education and training has been going on for the last three years. The Co-operative Movement is collaborating fully with the Extension Department of UBBS. In order to achieve the desired results, efforts have to be doubled and this cannot happen unless there is adequate financial provision for education and training of governmental and institutional personnel. Co-operative Education is presently carried on at the following three levels:-

(a) Local or Village level, where there are study groups which meet from time to time to study Co-operative principles and practice;

(b) District or Regional level, where courses varying from a weekend to two weeks duration are held. These courses are intended mostly for group leaders, for secretaries and for committee members;

(c) National Level. The Co-operative Training Institute which is part of the Extension Department of UBBS has just started operating and its Director, who is expected any time now, is an expert provided by the Canadian Government under the External Aid Programme. The Institute is the Headquarters of the Education and Training Programme and is also the centre for more ambitious and advanced courses.

The source of students for these courses is:-

(a) The staff of the Department of Co-operative Development, whose training needs will be entirely met by the Institute (apart from a few individuals who go on courses, study tours and seminars abroad).

(b) Employees of the Co-operative Union of Basutoland and also of Marketing and Consumer Societies.

(c) Specially selected committee members and other local leaders. The courses vary in length from two weeks to two or three months and cater for 24 students at a time. The mobile unit presented by OXFAM serves as the focus for courses held at various levels.

It is accordingly proposed to make a grant of R50,000 spread over a period of five years to meet expenditure on courses held for departmental and institutional personnel at the Co-operative Training Institutes and also on courses held at the local and regional levels. This provision will also cover courses, short study tours and seminars held abroad.

100. On the recommendations of Major H. D. Biggs in his Report on "The Marketing of Agricultural Produce in Basutoland", an application has already been made to the U.N. for a Co-operative Management expert who will carry out intensive training of selected Basotho in Management, Business Methods, Co-operative Accounts and Co-operative Practice. Marketing Societies are handicapped in obtaining competent staff for their Management Experience has proved that managerial personnel of the right calibre and experience have a crucial role in making a success of the Co-operative Marketing Programme. The scheme is intended to assist about 10 Marketing Societies by providing them with subsidy on a sliding scale for a period of 4 years. This assistance is intended to enable each Society to employ a qualified and well-trained manager. It is proposed that each of the managers should be paid a basic salary of R80 (£40) per month and working on this basis, it is suggested that Government should contribute towards this cost at the rate of 100% in the first 2 years, in thethird year the Societies should pay $\frac{1}{3}$ of the emoluments and in the fourth year, they should pay 2/3 and from the fifth year onwards, the Societies will have to meet the full cost of the emoluments of their managers.

101. As stated earlier, it is proposed to retain and build up the Co-operative Union of Basutoland as an apex Co-operative. The CUB has been cleared of its old debts by Government action, but if it is to fulfil its role over the next few years, it will need some additional free capital. It is proposed that a grant of R125,000 in equal annual instalments be made for development capital.

102. The ODM Mission Report does not contain any specific figures for Co-operative Development other than that shown under capital for the Credit Institution. Presumably allowance is made in the composite figures for Agriculture, Livestock and Co-operatives in Tables 33 and 34. The Government's proposals are set out in the following table.

Table 33

Co-operative Movement (C.1.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
District Offices	9,000	9,000	-	-	-	18,000
Purchase of Vehicles	2,000	-	2,000	-	2,000	6,000
Capital Grant Central Co-operative	25,000	25,000	25,000	25,000	25,000	125,000
Total	R36,000	34,000	27,000	25,000	27,000	149,000
Recurrent:-						
Personal Emoluments	20,136	20,736	21,336	21,936	22,536	106,680
Other Charges:-						
Management Centres	14,800	10,600	6,400	3,200	-	35,000
Training Courses	10,000	10,000	10,000	10,000	10,000	50,000
Travelling Expenses	3,620	4,000	4,500	5,000	5,000	22,120
Total	R48,556	45,336	42,236	40,136	37,536	213,800

103. The National Development Bank

In deciding to go ahead with the establishment of a National Development Bank the Government has had the advice and support of, inter alia, the Chacko Mission, Mr. W. H. Spall, FAO expert on credit, Messrs. Tomkins and Kessells of the Bank of England and Deutschesbundesbank respectively, Mr. S. Jacobsen, U.N. Adviser on Industrial Development, and the ODM Mission. All have agreed that the establishment of the Development Bank is of paramount importance. The suggested names have varied and so have some points of detail, but the general principle is undisputed.

104. The Government prefers the title "National Development Bank", but in other respects is in agreement with Mr. Spall's Report and with the ODM Mission. An FAO expert has been asked for, and is expected to arrive in the country shortly. He will stay for two years and will be responsible for drafting the necessary legislation, and for the preparatory work for setting up the Bank. He will remain as an adviser for a while after the Bank has been established, but a full-time manager, who will be the employee of the Bank, will be a separate appointment.

105. The operations of the Bank will be in the fields set out in para. 130 of the ODM Mission Report, namely Co-operatives, Other Agricultural Credit, Local Government Loan Fund and Industrial Loans. The various small loan funds at present existing will, as recommended, be absorbed. While it is necessary to define the fields in which the Bank will operate, it is unwise to be too rigid at this early stage. It is felt that the capital build up, suggested by the ODM Mission, of R1,350,000 over five years, is about right. The Bank should, however, be able to mobilise local savings and reverse the present outflow to the Republic. Provision was made in the Post Office Savings Bank Act for a portion of that Bank's deposits to be invested in the Development Bank. The Government hopes that the Bank's capital will be provided on a combined grant and low-interest or interest-free loan basis. It suggests, tentatively, that

R350,000 should be a free grant and R1,000,000 a soft loan. The loan should, if possible, retire the present local Government loan fund financed by a commercial bank, but should include the miscellaneous funds such as the Agricultural Development Fund and the Revolving Loan Fund operated by BAFED.

106. The ODM Mission Report refers to the need for housing finance, but makes no provision in its capital programme. The Government is quite satisfied that the land tenure difficulty can be overcome and proposes that a low-cost housing scheme should be handled by the Development Bank. There is, furthermore, a need to assist Civil Servants to buy houses of their own, and reduce the burden on Government to supply and maintain Government quarters. Both schemes need to be properly planned by qualified consultants, and the capital involved cannot be accurately forecast at this stage. A notional figure of R1,000,000 is, therefore, shown to include both schemes. A scheme for capital build up is shown at Table 34, on the following page.

107. The Government is keenly aware of the need for capital formation. The National Development Bank is in this respect the keystone of the whole Development Plan. The difficulties facing the Bank are by no means underrated, but given management of a high order, and a progressive, but not reckless, policy, the Government is convinced that the Bank can be made a success.

Table 24

National Development Bank (C.2.)

	1967 - 68		1968 - 69		1969 - 70		1970 - 71		1971 - 72		TOTAL	
	GRANT	LOAN	GRANT	LOAN	GRANT	LOAN	GRANT	LOAN	GRANT	LOAN	GRANT	LOAN
CAPITAL STRUCTURE												
Allocated to:-												
CO-OPERATIVES	50,000	50,000	40,000	60,000	40,000	60,000	-	100,000	-	100,000	130,000	370,00
OTHER AGRICULTURAL CREDIT												
(Incorporating ADF)	70,000	-	-	40,000	-	40,000	-	50,000	-	50,000	70,000	180,00
OTHER LOANS												
(Local Government Loan Fund)	-	200,000	-	50,000	-	50,000	50,000	-	50,000	-	100,000	300,00
INDUSTRIAL LOANS												
(Including Revolving Loan Fund)	25,000	40,000	25,000	20,000	-	30,000	-	30,000	-	30,000	50,000	150,00
HOUSING	-	150,000	-	150,000	-	200,000	-	200,000	-	300,000	-	1,000,00
TOTAL ..... R	145,000	440,000	65,000	320,000	40,000	380,000	50,000	380,000	50,000	480,000	350,000	2,000,00

N.B. Capital for Bank premises, etc. to be allocated proportionately to each heading.

CHAPTER V

INDUSTRY & TRADE

108. It has already been argued that the immediate prospects for private, industrial and commercial development are not promising; nevertheless, it is intended to take steps to encourage private enterprise by removing the institutional obstacles, by reforming land tenure, and licensing laws and the system of taxation. There is reason to believe that indigenous private enterprise is often hampered by restrictive practices operated by large established firms. Experience elsewhere suggests that reliable evidence of undesirable practices is extremely difficult to obtain by informal investigation, and the setting up of a Commission of Enquiry into Trading Practices, with a view to action to improve the situation, is under consideration. Courses in business methods for local people engaged in industry and commerce are also being arranged; one such course at Roma proved to be very popular, and there is a demand for more. Funds are also sought to establish an Industrial Development Corporation, to encourage cottage industries, to conduct feasibility studies, to improve the administration of labour legislation, to promote tourism and to expand the information and broadcasting services.

109. Industrial Development Corporation

The Development Bank, for which funds are sought, will be primarily concerned with loans to agriculture, but it will also be able to lend to private businesses as recommended in the Tomins-Kessell Report.

110. The need for non-agricultural employment is, however, so great that public enterprise must lead the way. To this end, it is proposed to establish an Industrial Development Corporation, under an experienced Manager, with wide powers of action in confirmity with the general policy formulated by Government-appointed Directors. It would take over the responsibilities of BAFED. A body distinctly separate from the Development Bank is required; to confuse the functions of banking with those of industrial management and trading would damage prospects in both fields. The Corporation would be responsible for discovering potentially profitable developments in the industrial field and for undertaking and financing them on its own or in conjunction with private enterprise. In the long run its aim should be to cover its costs and, if possible, show a profit. It will, however, require funds to establish it and, as its raison d'etre is the exceptional risk attaching to industrial development, some losses must be anticipated. For these reasons grants as well as loans are sought. The manner of loan finance has not yet been determined, but it is hoped to draw upon both internal and external sources of funds. At this stage the sums requested are nominal in that the magnitude of its operations cannot be gauged. They should be sufficient to enable it to get off the ground and, if it proves successful, it should eventually be able to borrow from commercial credit institutions.

Table 35

Industrial Development Corporation (I.2.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Grants	50,000	50,000	50,000	50,000	50,000	250,000
Loans		100,000	100,000	100,000	100,000	500,000
Total	150,000	150,000	150,000	150,000	150,000	750,000

111. Business Advisory Service

Basutoland has a considerable number of local traders, and a small but growing number of small industrialists, whose businesses are handicapped by lack of knowledge and advice. There are no courses available to them locally in business management, nor can they obtain easily practical training in business management. In order to help these small businessmen it is proposed to start a small Businessman's Advice Service, with two main functions - to arrange, possibly in conjunction with the University - short courses of lectures and discussions on business methods, and to provide businessmen with general advice on their management problems by means of leaflets, etc., or putting them in touch with suppliers, markets, banks, accountants, lawyers, etc, as appropriate.

Table 36

Businessmen's Advisory Service (I.3.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
House	10,000	-	-	-	-	10,000
Office, etc.	4,000	-	-	-	-	4,000
Total	R14,000	-	-	-	-	14,000
Recurrent:-						
Personal Emoluments	6,724	6,724	6,724	6,724	6,724	33,620
Other Charges	5,000	5,000	5,000	5,000	5,000	25,000
Total	R11,724	12,193	12,680	13,187	13,714	63,498

112. Cottage Industries

Although of very minor importance at present, it is believed that certain local crafts could be developed for the South African and overseas markets. An I.L.O. expert in Cottage Industries visited Basutoland in 1964, and recommended that after further studies an institution should be set up to produce and sell grass products, tanned sheep and goatskin rugs, woven wool and mohair products, and polished semi-precious stones; the institution should also provide on-the-job training in these crafts.

Government already runs a retail craft shop in Maseru, which also does some exporting, and produces a small quantity of woven goods. It is intended to set up a Lesotho Handcraft Development Organisation, headed by a small board to develop the handcrafts industry in general, make and export handcraft products, and run the retail shop. This organisation will be expected to more than cover its running expenses. But if it is to expand its activities, additional capital will be required for buildings, equipment, etc., and a grant of R10,000 per annum is envisaged.

Table 37

Lesotho Handcraft Development Organisation (I.4.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Grant for Cottage Industries	R10,000	10,000	10,000	10,000	10,000	50,000

113. Various Feasibility Studies

There are a number of development projects which, prima facie, appear feasible, but require expert and detailed investigation before going ahead with implementation. In more advanced countries this is done by private investors before they start operations. But as private investment is unlikely in Basutoland at present, Government has to carry out the investigations. If the project is found to be economic, Government may either invest itself, or, if not, it will be in a position, on the basis of the investigation report, to attract private investment. The following are cases in point, but it is likely that other possibilities will arise during the first year of the Plan:-

i) Investigation of Abattoir Scheme. One of the most promising ideas for a new industry is the building of a modern abattoir. This could be linked with a cannery, by-products plant, and a tannery.

ii) Wool and Mohair Processing. Wool and mohair are Basutoland's main exports, the raw product being sent to auctions in South Africa. It might be advantageous for Basutoland to process these products to some extent before exporting them, and this should be investigated.

iii) Hides and Skins. Little economic value is derived from the country's production of hides and skins, and the possibility of establishing an efficient hides and skins industry needs investigation.

It is proposed that a small sum be provided each year to pay for pre-investment surveys and investigations of this kind.

Table 38

Feasibility Studies (I.S.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Feasibility Surveys	R20,000	20,000	20,000	20,000	20,000	100,000

114. Labour Administration

Development of roads, water resources, minerals and industry must be expected to result in a very substantial increase in the amount of wage labour employed in Lesotho. A good deal of new labour legislation is contemplated to regulate conditions of employment and wages, workmen's compensation and apprenticeship. Thus it must be expected that the work of the Labour Commissioner's Office will increase. Increases in staff and an office to accommodate them will be needed, and provision is made in the budget estimates.

115. Tourism and Hotels

This is everywhere one of the most rapidly growing industries. The number of visitors to South Africa increased by over 30% between 1957 and 1962, and to the former Federation of Rhodesia and Nyasaland, by over 40%.

116. Basutoland has much to offer the tourist: great unspoiled natural beauty, a good climate, prehistoric remains, some of the best Bushman cave paintings in Africa, and excellant fishing, to name the most obvious. The absence of racial discrimination could also appeal to non-whites in South Africa, whose incomes are rising. There are, however, some obstacles to tapping this potentially lucrative market. The roads are somewhat daunting, although the new main north - south road and the road programme will improve matters in this respect. Hotel accommodation is limited and not always up to the standard tourists expect. Republican frontier formalities are a nuisance and the availability of recreational facilties leaves something to be desired.

117. A small local travel agency reports expanding business, but Government believes that more could and should be done in this field. It, therefore, proposes to establish a small tourist section in the Department of Information, staffed in the first instance by one officer with a secretary. The function of the office would be to promote tourism through publicity and the dissemination of information; to classify hotels and ensure that standards are maintained; to ensure that sites of tourist interest are properly preserved and made accessible. Hand in hand with this would go the provision of goods and services, such as craft work, guide books, refreshment facilities, conducted tours and the like, on which tourists could spend money and so create income and employment. It is hoped that it may be possible to arrange some simplification of frontier requirements.

118. Basutoland has 6 hotels, but hardly of the standard required to attract tourists. It is unlikely that private enterprise would be prepared to invest in hotels, in view of the high risk involved, land tenure difficulties; and it is therefore proposed that Government should build a first-class hotel in Maseru in 1967/68.

Table 39

Tourism : Hotels (I.6.)

Estimated Expenditure	1967/68	1968/9	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Hotels	R200,000	300,000	-	-	-	500,000

Table 40

Tourism : Tourist Section of Dept. of Information (I.7.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Office	R 8,000	-	-	-	-	8,000
Recurrent:-						
Personal Emoluments	4,664	4,871	5065	5,267	5,480	25,367
Other Charges:-						
Protection of Sites	8,000	8,200	8,538	8,880	9,150	42,768
Total	R12,684	13,071	13,603	14,147	14,630	68,135

119. Broadcasting

For the year 1967/68, R46,400 is required for staff housing - junior and senior staff. As Broadcasting Studios and office buildings, together with Transmitter Buildings, will only begin after November, it is expected that payments of about R50,000 will have to be made after 31st March, 1967. It is expected that during 1969 no major capital works will be needed, and an amount of R10,000 would be required for minor capital works. From 1969/70, the figures reflect the annual 4% creep.

Table 41

Broadcasting (I.8)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Housing	46,400	-	-	-	-	46,400
Transmitter, Offices, Studios and Minor Works	50,000	10,000	14,000	14,560	15,142	103,702
Total	R96,400	10,000	14,000	14,560	15,142	150,102
Recurrent:-						
Personal Emoluments	36,180	36,727	38,196	39,723	41,312	192,138
Other Charges	8,125	9,350	9,724	10,113	10,517	47,829
Total	R44,305	46,077	47,920	49,836	51,829	239,967

120. Information Service

Additional Assistant Officer carried forward to supplement the above two schemes.

Table 42

Additional Information Assistants (I.9.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/2	TOTAL
Recurrent:-						
Personal Emoluments	R 3,696	3,840	3,984	4,128	4,272	19,920

CHAPTER VI

TRANSPORT & COMMUNICATION

121. **Roads**

The ODM Mission Report rightly places great emphasis on road development: out of total capital expenditure of R14.367m recommended for the five years 1966/67 - 1970/71, rather more than R6m or 42% is on roads. The Government of Lesotho believes that a rather faster rate of development is both possible and desirable and the total construction programme planned up to 1971/72 (one year beyond the ODM projection) is R9.132m, including Road Project Alpha, and R5.24m excluding Alpha.

122. The emphasis in the programme so far as present commitments allow, is on opening up the inaccessible parts of the country, where it is believed that there is an agricultural potential awaiting development and, secondly, on improving existing roads. The Five Year Plan to 1971/72 would give the country the beginnings of the internal road network that is essential for the development of agriculture, prospecting for minerals and for tourists. Although it is agreed in principle that economic assessments should be made, neither the staff to make them nor the statistical information required is at present available. Furthermore, we have been advised that the effects of roads that open up new areas are largely unpredictable - as one might expect. The programme will, therefore, be flexible and subject to modification in the light of experience. The first areas to be opened up are so obvious to officers familiar with the country, the first links so plainly needed, and the routes so dictated by the terrain that economic analysis will not be very helpful in the early stages.

123. It should be noted that a representative of the World Bank who visited the territory recently took exception to the view that Road Project Alpha was being built to unnecessarily high standards. The standards were those recommended by Governments consultants, and although IDA approved them, it was felt that they were, if anything, on the low side.

124. As will be seen in the memorandum preceding the roads estimates, Government prefers a road classification by responsibility for construction and maintenance, subdivided by standard of construction to the classification set out in the ODM Mission Report. It is not proposed to use the resources of Central Government to construct jeep tracks, although these may be constructed from local resources on a self-help basis with some technical assistance. The proposed classification is as follows:-

A.1.	Main Artery Roads - "Alpha Standard" Bitumen	22' carriageway.
A.1(B)	" " " " " "	20' "
A.2.	Main Roads - Bitumen Roads	18' "
A.3.	District Roads - High Standard Gravel Roads	18' "
A.4.	District Feeder Roads - Gravel with less strict alignment	18' "
B.	National Access Tracks - Drained Gravel Roads	12' "
C.	Village & Local Roads - Hand Labour Tracks	10' "

(cont.)

Note:- Roads A.3. - A.4. The width of 18' carriageway may have to be reduced in mountain passes to enable a realistic cost figure to be maintained and existing one-way bridges made use of for the stated reasons.

"A" and "B" roads should be constructed and maintained by Central Government and "C" roads by local authorities.

The capital cost of the programme is shown in Table 43. (page 54.)

125. In order to carry out the road construction plan it is necessary to retain the planning and construction staff for Road Project Alpha, and also the advisory and technical staff for access roads, etc. at present carried in C. D. & W. schemes. This staff, although arguably chargeable to capital is treated as recurrent expenditure for the purpose of the present document. The work of the planning staff is continuing and looks forward to new development as well as supervising what is already going on. The additional maintenance charges are taken into account as recurrent expenditure. These do not begin to appear until 1968/69, since the first phase of Project Alpha is only just beginning

126. Air Transport

Government accepts the views of the ODM Mission Report on Air Transport with the qualification that air transport not only facilitates internal movement but it is of importance for external communication. Although nothing very ambitious is envisaged, the improvement of air passenger facilities at Maseru is desired; easier commercial contacts can contribute to development in the private sector. Grant aid of R50,000 per annum is sought for this and for the improvement of air strips. It is hoped that advice on technical aspects of the problem can be secured on a part-time basis from qualified people already in the territory.

Table 44

Airfield Improvements (W.2.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-	50,000	50,000	50,000	50,000	50,000	250,000

Recurrent:-

Recurrent costs for maintenance to be recovered from charges and fees.

127. Air Radio Service

The development of external air services referred to above will necessitate some air radio facilities at Maseru. For these a grant of R25,600 is sought, phased over the two years, 1967/68, 1968/69. (See page 55).

Table 43

Road Construction Programme 1966/67-1970/72 (W.1.)

Road Type	Miles	Est.Cost/Mile	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
			R	R	R	R	R	R
LOAN (PROJECT ALPHA INCLUDED)								
A1-A1(B)	76.3		1,589,932	700,000	-	-	-	2,289,932
GRANT								
A.2	127	16,800	426,720	426,720	426,720	426,720	426,720	2,133,600
A.3	99	12,000	237,600	237,600	237,600	237,600	237,600	1,188,000
A.4	241	4,000	192,800	192,800	192,800	192,800	192,800	964,000
B.	403	2,000	161,200	161,200	161,200	161,200	161,200	806,000
C.	800	375	60,000	60,000	60,000	60,000	60,000	300,000
(Local Govt.)								
TOTAL GRANT			1,078,320	1,078,320	1,078,320	1,078,320	1,078,320	5,391,600
TOTAL ROADS			2,668,252	1,778,320	1,078,320	1,078,320	1,078,320	7,681,532
Recurrent:-								
Personal Emoluments (Roads Planning & Con Construction)			59,857	69,811	72,603	75,507	78,527	356,305
Other Charges (Maintenance of Roads)			-	44,043	104,379	160,895	203,355	512,672
TOTAL			59,857	113,854	176,982	236,402	281,882	868,977

Table 45

Air Radio Services, Maseru (W.3.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-	R 13,000	12,600	-	-	-	25,600

128. Telecommunications

The urgent necessity for improved telecommunications is recognized for the development of commerce and industry, and to improve the efficiency of Government administration. Loans totalling R370,000 are sought up to the end of 1970/71. This exceeds the ODM Mission proposal by some R39,000 - mainly because the ODM Mission unaccountably omitted R30,000 for the extension of the Maseru exchange, which is urgently required. It is anticipated that increased revenues will be more than adequate to service the loan.

Table 46

Telecommunication Development (W.4.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Extension, Maseru Automatic Exchange	30,000	-	-	-	-	30,000
Reconstruction, Trunk Routes	83,000	80,000	-	-	-	163,000
Carrier Equipment, etc.	-	40,000	49,000	-	-	89,000
Trunk Equipment, Maseru	-	-	13,000	-	-	13,000
Rural Automatic Exchanges	-	-	-	75,000	-	75,000
Total	R113,000	120,000	62,000	75,000	-	370,000

Estimated Annual Revenue to be derived from Telecommunications:-

	1967/68	1968/69	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76
a	81,000	87,000	92,500	98,000	104,000	151,200	163,300	176,000	190,000
b	3,000	6,000	10,000	14,000	32,000				

a = Revenue from existing plant.
b = Increase resulting from development.

Telephone revenue in previous years (for comparative purposes):-

	1963/64	1964/65	1965/66	1966/67
Government	18,000	18,000	65,800	75,000
Non-Government	23,900	32,000		
Total .....R	*41,900	*50,200	*65,800	+75,000

* Actual.
\+ Revised estimate.

CHAPTER VII

WATER, ELECTRICITY AND MINERAL RESOURCES

129. Water and Hydro-electric Power

The water resources of Lesotho are usually considered to be the country's best natural asset. There is enormous potential both for the supply of pure water and for hydro-electric power. The ODM Mission Report sounds a note of caution about the Oxbow Scheme (paras. 228-230). The Government fully understands that Oxbow, and the much larger possible schemes, will bring benefits to the economy in the long term, rather than immediately. Nevertheless, the schemes are of great importance for a number of reasons. The ODM Mission Report itself sees little prospect of balancing the budget for a number of years. The prospects of substantial revenue from the sale of water and hydro-electric power even if some years off, demand immediate attention. There is, furthermore, the need to expand the electricity supply within the country itself if industrialisation is to take place. It is extremely wasteful and uneconomic to make shift with piecemeal additions to thermal generating plant, and it is therefore proposed to buy additional electricity from the South African Electric Supply Commission until such time as hydro-power is available from within the country itself - either from the Oxbow scheme, or from a scheme especially constituted for the purpose. The Sporseen Report has suggested a number of alternatives, the most promising of which appears to be the Malutsenyane Falls scheme which would supply adequate and very cheap power to Maseru and vicinity.

130. The prospects of the Oxbow scheme clearly depend upon the readiness of the South African Government to buy the water. The matter has received a great deal of publicity recently in view of the recent severe droughts throughout Southern Africa and the glaring prospects of water shortage in in the Southern Transvaal and elsewhere. There is good reason to believe that the original Oxbow proposal will prove to have been much too small and that the demand for water from Lesotho may well be eight times the quantity envisaged in the original idea.

131. While the negotiations with the Republic take place, it is essential that Lesotho has available much more technical data than at present. It is, therefore, proposed to continue the Hydrological Survey on a larger scale and to provide for additional feasibility surveys to follow the one at present being carried out at Oxbow. The capital construction costs of Oxbow or of the alternative proposals are not yet included in the Development Plan, since no reasonably reliable estimate is yet available and, in any case, the investment is expected to be fully commercial. It is expected that the construction would begin during the second half of the plan and greatly expand the Capital Formation.

Table 47

Water Resources Feasibility Surveys (W.5.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Consultants Fees	R 150,000	100,000	100,000	100,000	-	450,000

132. Hydrological Survey

The long-term exploitation of Lesotho's water resources demands maintenance and expansion of the Hydrological Survey which was established in 1962 following the Morse Report. The objects of the plan for the next five years are:-

(a) to continue and expand the investigation of the highland water resources including Oxbow and its associated catchments for the export of water and power;

(b) to continue and expand the investigation of the lowland water resources for irrigation, power and water for internal consumption;

(c) to continue and expand the collection of rainfall and other meteorological data;

(d) to set up a systematic investigation of underground water resources for domestic supply.

In order to achieve these objectives it will be necessary to establish 10 new Water Level Recording Stations in 1967/68, and a further 15 Stations during the remaining period of the Development Plan. 30 Cableway Gauging Stations will also be required. In order to cope with the increased quantity of data, the present approved establishment (C.D. & W. D.5943 - Hydrological Survey) will require to be increased by 2 Engineering Assistants and 2 Clerk/Observers as well as increasing equipment and transport. Allowance has, therefore, been made for the purchase of two vehicles per year, and for doubling the number of horses and mules in order to be able to carry out the works envisaged.

Table 48

Hydrological Survey (W.6.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Construction of Gauging Stations	12,000	10,000	9,000	9,000	10,000	50,000
Buildings/Offices	15,000	5,000	3,000	2,000	2,000	27,000
Vehicles	4,000	4,000	4,000	4,000	4,000	20,000
Instruments & Equip.	5,000	3,000	2,000	2,000	2,000	14,000
Aerial Photo/Mapping	2,000	2,000	2,000	2,000	2,000	10,000
Total	R38,000	24,000	20,000	19,000	20,000	121,000
Recurrent:-						
Personal Emoluments	28,758	29,500	30,200	31,000	31,900	151,358
Other Charges	45,600	45,600	45,600	45,600	45,600	228,000
Total.....	R74,358	75,100	75,800	76,600	77,500	379,358

133. Urban Water Supplies and Sewerage

The expansion of water supplies and sewerage services is a necessary part of the development of infra-structure, and it is intended that these should be revenue-earning services. This will necessitate increased charges to users. The scheme put forward covers extensions to the Maseru water supply and sewerage system, the improvement of water supplies in the District Townships which are rapidly expanding, and the replacement of septic tanks and french drains by water-borne sewerage systems in Quthing, Mohale's Hoek, Teyateyaneng and Leribe, mainly for hospitals. It is intended to complete the work in four years, and loan finance is sought as summarised in the following table. Government has agreed that economic rates for water and sewerage will be charged and the operating costs, including loan redemption, will be served by revenue.

Table 49

Urban Water and Sewerage Supplies (W.7.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Maseru Water	204,000	82,500	20,000	-	-	306,500
Urban Water, other than Maseru	28,000	30,000	40,000	-	-	98,000
Maseru Sewerage	85,000	30,000	25,000	-	-	140,000
Urban Sewerage, other than Maseru	12,000	18,000	18,000	20,000	-	68,000
1 4.5 Ton Truck	4,000	-	-	-	-	4,000
Total	R333,000	160,500	103,000	20,000	-	616,500
Recurrent:-						
Personal Emoluments	15,554	17,328	15,061	8,438	-	56,381
Other Charges	6,400	5,450	1,600	1,900	-	15,350
Total	R21,954	22,778	16,661	10,338	-	71,731

134. Village Water Supplies and Sewerage

The improvement of water supplies is one urgent need in villages, and a form of development in which they are keenly interested. The proposed scheme is administered partly by the Ministry of Works, which will provide a technical advice unit, for which provision is made in the budget, and partly by the Ministry of Local Government, which proposes to offer inducement grants to Councils and Village Committees. The Ministry of Works has one drilling rig, another is being purchased from C.D. & E. funds and one is being obtained from OXFAM.

The sums asked for will be used to supplement self-help schemes and to assist local authorities on a Rand-for-Rand basis, and are required to keep the three rigs working. Grant aid is sought for 60 water schemes per annum.

Table 50

Village Water Supply and Self-Help Schemes (W.8.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Ministry of Local Government	30,000	30,000	30,000	30,000	30,000	150,000
Recurrent:-						
Ministry of Works:						
Personal Emoluments	17,527	18,228	18,957	19,715	20,503	94,930
Other Charges	2,700	2,808	2,920	3,036	3,157	14,621
Total	R20,227	21,036	21,877	22,751	23,660	109,551

135. Electricity, Maseru and Vicinity

The ODM Mission Report's recommendation at para. 339 is not accepted. The long-term supply of electricity must come from Basutoland's own hydro-electric resources. In the interim period up to say 1972 the policy towards development of power must be:-

(a) To augment the Maseru power supply, not only to cater for the natural increase in domestic use but to provide an abundance of electricity to attract industry.

(b) To create as much demand as possible to absorb Basutoland's future cheap hydro-electric power.

This can be achieved by purchasing from ESCOM and establishing additional generation in the camps of Berea, Leribe and Mohale's Hoek and increasing distribution in Maseru and to Roma.

136. It has been estimated that for a start 1 x 30 KW 3 PH set at Teyateyaneng (1967/68) and 1 x 40 KW each for Leribe (1968/69), and Mohale's Hoek (1969/70) would be adequate with provision for doubling Station Capacity at a later date. The Leribe and Mohale's Hoek schemes have been considered on the basis of 20% above figures for Teyateyaneng. For the Teyateyaneng scheme, 60,000 units have been considered as estimated consumption for the first year of operation. This is a very conservative figure. An annual increase of consumption has been assumed to be 15% for all the schemes.

137. Fuel, Repairs and Maintenance Costs have been assumed on a fairly high level of 5c per unit sold. (2.5c per unit sold has been recommended elsewhere by Merz. & McLellan). In actual operation Fuel, Repairs, etc. costs may, therefore, be substantially lower than indicated. An average selling price of 12c per unit has been assumed for Revenue Estimating. This can easily be achieved by some form of fixed charge and quote of units for the fixed charge. Staff of 1 Electrician, 4 Shiftsmen and 2 Labourers per Station is necessary.

Table 51

Electricity, Maseru & Vicinity (W.9.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Berea (generation)	36,900 [a]	5,000	6,000 [b]	–	–	47,900
Leribe (generation)	–	44,300 [a]	6,000	7,200 [b]	–	57,500
Mohale's Hoek (")	–	–	44,300 [a]	6,000	7,200 [b]	57,500
Extension H.T. Distribution						
Maseru (1)	–	–	4,000	500	–	4,500
(2)	–	–	5,000	3,000	500	8,500
(3)	1,000	500	–	–	–	1,500
(4)	2,000	1,000	–	–	–	3,000
(5)	6,000	500	–	–	–	6,500
Roma - Transmission Line	–	–	82,000	57,000	1,000	140,000
Extension L.T. Distribution						
Maseru (6)	5,000	2,000	–	–	–	7,000
(7)	4,000	–	–	–	–	4,000
Housing for Technical Staff	15,000	–	–	–	–	15,000
Total	R69,900	53,300	147,300	73,700	8,700	352,900

Notes:-

a = includes provision for housing.
b = includes second generator installed in third year.

(1) Water Works increased Ring O/H Main
(2) Protection Grading Ring Substation
(3) Other Extensions
(4) Industrial Extension
(5) Escom Connection
(6) Industrial Area
(7) P.T.S. Area

Recurrent:-						
Personal Emoluments (Additional Staff)	18,726	19,475	20,254	21,064	21,906	101,425
Other Charges	11,800	2,060	2,122	2,187	2,254	20,423
Total	R30,526	21,535	22,376	23,251	24,160	121,848

138. Mining

Lesotho is surrounded by a Sub-continent that has proved exceptionally rich in mineral wealth. Within the country itself successive surveys have been more and more promising with respect to diamonds: in 1947 it was believed that there were none; in 1965 over R600,000 worth are known to have been exported, mainly from a single pipe, and a more recent geological survey concludes that there is at least one other comparable pipe and several occurrences of kimberlite which may be diamondiferous. The existence of other minerals is neither proven nor unproven, but there is no doubt that the search for minerals should be fostered. Industry today demands not

only the minerals that are mined in large quantities - coal, iron, copper and the like - but also innumerable rare and little-known varieties. Of necessity the search for deposits is speculative and expensive, probably too expensive for public enterprise in Lesotho to undertake. At present the Constitutional provisions relating to land tenure are an obstacle to the granting of prospecting rights and the necessary amendment has been proposed to simplify the formalities. Any change in land tenure would reserve mineral rights to the Nation. There have been some enquiries about prospecting rights from large and reputable mining concerns, and of these it is intended to take advantage. A necessary preliminary to this is the establishment of a small but well-qualified Mining and Geological Section to superintend the drafting of the necessary mining legislation, to encourage both large and small-sclae prospecting and to ensure that all minerals are exploited in the manner calculated to bring the maximum benefit to Lesotho. Grants are sought to establish and equip this section at an early date.

Table 52

Mining & Geological Section (W.10.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Buildings & Equip.	25,000	25,000	-	-	-	50,000
Recurrent:-						
Personal Emoluments	9,102	9,466	9,844	10,238	10,647	49,297
Other Charges	2,500	2,600	2,704	2,812	2,924	13,540
Total	R11,602	12,066	12,548	13,050	13,571	62,837

CHAPTER VIII

H E A L T H

139. The place and importance of health services in a development programme is difficult to determine. They make a contribution to the growth of national income for the self evident reason that healthy people are more vigorous than the sick; but there is also a demand for health services in themselves and for purely humanitarian reasons Government would wish to expand them. The emphasis is on public health and on preventive medicine, these giving best value for money in a development programme.

140. A number of projects referred to under other headings are relevant in this field - notably the development of urban and village water supplies, sewerage and nutrition education. With regard to curative medicine, although some extensions are proposed the emphasis is on increasing the efficiency of what is already in existence.

141. Rural Health Service

As mentioned in the ODM Mission Report the standard of health services could be improved especially in the mountain areas. This scheme is based on firstly, improving the standard in the present health units, whether Government, District Council or Mission, by providing intelligent and constructive supervision. This supervision will be done by public health nurses as suggested by Dr. H. Beringer in his Survey of Health Facilities in Basutoland. WHO has included in its 1968 regular budget facilities for a medical officer and a public health nurse for basic health services in Basutoland. The next step is improving the present health centres so that there are two nurses at each. This is followed by upgrading mountain dispensaries (only one nurse) to health centres with two nurses and a health assistant. The programme over five years would entail building 14 new mountain dispensaries and upgrading 11 of these to health centres.

Table 53

Rural Health Services (H.1.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
* Upgrading present Health Units	13,000	-	-	-	-	13,000
* Mountain Dispensaries	10,000	15,000	15,000	15,000	15,000	70,000
Upgrading Mountain Dispensaries to Health Centres	-	10,000	15,000	15,000	15,000	55,000
Vehicles	2,000	2,000	-	-	4,000	8,000
Total	R25,000	27,000	30,000	30,000	34,000	146,000
Recurrent:-						
Personal Emoluments	6,666	14,580	23,510	31,271	43,111	119,138
Other Charges	2,480	1,660	1,960	2,300	2,360	10,760
Total	R 9,146	16,240	25,470	33,571	45,471	129,898

* Nurses Quarters at Marakabei, Semonkong, Maa Mashai, Phamong 10,000

New Clinic Buildings, Marakabei 3,000

142. Hospital Improvements

This scheme is based on a large capital expenditure with little increase in recurrent expenditure on the budget. Whilst a 100 bed hospital may be more economically run on patient/day basis, there is no prospect of there being an adequate number of doctors to be in charge of the extra beds, but if territorial budget establishment is filled, this difficulty is greatly reduced. Thus, two replacement hospitals are envisaged, at Qacha's Nek - 75 beds, and Quthing - 100 beds, the latter being more urgent.

The improvement of facilities at all district hospitals, the up-grading of Mohale's Hoek and Leribe hospitals to reference hospitals, and the building of a maternity block at the Queen Elizabeth II Hospital in Maseru is envisaged.

Table 54

Hospital Improvements (H.2.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
New Hospital/Quthing	60,000	100,000	40,000	-	-	200,000
New Hospital/Qacha's Nek	-	-	45,000	75,000	30,000	150,000
Maternity Block/Maseru	-	72,000	-	-	-	72,000
Improvements to Existing Hospitals	50,000	60,000	20,000	10,000	10,000	150,000
Total	R110,000	232,000	105,000	85,000	40,000	572,000

143. Public Health Laboratory

Present laboratory facilities are a tuberculosis laboratory and a small side room at the Queen Elizabeth II Hospital. Most work is, therefore, carried out by the South African Institute of Medical Research in Bloemfontein. Examinations of water, milk and other foods are carried out sporadically because of the distances involved. With the increase in population density and the probable accelerated urbanisation of the population, it is essential to be able to carry out regular checks on community water supplies and milk supplies.

144. The Laboratory will incorporate the present tuberculosis laboratory and be able to carry out bacteriological, haematological and biochemical tests. After 3 years it could be expanded to include pathology, at which stage a pathologist is envisaged. The increase in laboratory assistants permits the stationing of one assistant at each Government hospital to carry out minor laboratory work and also prepare and send specimens to Central Laboratory.

Table 55

Public Health Laboratory (H.3.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Laboratory	12,000	-	-	4,000	-	16,000
Equipment	2,000	1,000	1,000	2,000	1,000	7,000
Hosuing	8,500	-	-	8,500	-	17,000
Total	R22,500	1,000	1,000	Y4,500	1,000	40,000
Recurrent:-						
Personal Emoluments	4,200	7,635	9,078	19,325	20,932	61,170
Other Charges	1,000	1,000	1,000	1,500	1,500	6,000
Total	R 5,200	8,635	10,078	20,825	22,432	67,170

145. Radiology

The facilities for radiological diagnosis in Basutoland are poor. The purpose of the scheme is to improve the diagnostic facilities and, if possible, to have therapeutic radiology available.

Table 56

Radiology (H.4.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
X-Ray Building	50,000	-	-	-	-	50,000
Diagnostic Apparatus	17,000	-	-	-	-	17,000
Total	R67,000	-	-	-	-	67,000
Recurrent:-						
Personal Emoluments	1,488	1,548	3,456	3,588	3,720	13,800
Other Charges	100	200	300	500	500	1,600
Total	R 1,588	1,748	3,756	4,088	4,220	15,400

146. Mental Observation Unit

Mental patients in districts, apart from Butha-Buthe, are kept in gaols during the observation period before being admitted to the Mohlomi Hospital. This is most unsatisfactory and provision is needed for small observation units to be attached to each hospital, each costing R6,000.

Table 57

Mental Observation Units (H.5.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Unit Bldg/Equip.	R 6,000	12,000	12,000	12,000	6,000	48,000

147. Social Welfare

This has not been considered in previous development programmes. The purpose of the scheme is to develop a social welfare programme under a professionally qualified Social Welfare Officer, who will be responsible for probation, child care and guidance, mental welfare, medical social work, relief of distress, group and case work. His deputy will be the pensions officer who will deal with military pensions. In the field they will be assisted by social workers who must have a social work diploma such as given at Swansea. Two such persons are available and would start in Maseru and Leribe being the largest urban areas. Over five years they will be increased to five workers.

Table 58

Social Welfare (H.6.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Housing	17,000	-	-	-	-	17,000
Office Accommodation	3,500	-	600	600	600	5,300
Office Equipment	400	-	100	100	100	700
Vehicles (in budget)	5,000	-	-	-	5,000	10,000
Total	R25,900	-	700	700	5,700	33,000
Recurrent:-						
Personal Emoluments	11,714	11,316	11,986	13,328	14,684	63,028
Other Charges	2,400	1,500	1,650	1,700	1,800	9,050
Total	R14,114	12,816	13,636	15,028	16,484	72,078

148. Other Health Schemes

A number of schemes at present carried on C. D. & W. funds are to be continued. They are mostly self-explanatory. Much of the medical staff would normally be regarded as recurrent expenditure but, in the past, have been refused as budget items by the Secretary of State on the ground that they were C. D. & W.-worthy. The schemes concerned are summarized in Table 59 overleaf.

Table 79

Various Health Schemes (H.7 - H.13)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Recurrent:-						
H.7. Medical Staff						
Personal Emoluments	27,997	29,117	30,282	31,493	32,753	151,642
Other Charges	900	936	973	1,012	1,052	4,873
H. 8. T.B. Control						
Personal Emoluments	17,226	17,915	18,632	19,377	20,152	93,302
Other Charges	6,340	6,570	6,809	7,057	7,315	34,091
H.9. Mohlomi Hospital Staff						
Personal Emoluments	17,351	18,045	18,767	19,518	20,299	93,980
Other Charges	14,150	14,716	15,305	15,917	16,554	76,642
H.10. Mountain Medical Services						
Personal Emoluments	15,192	15,800	16,432	17,089	17,772	82,285
Other Charges	3,580	3,723	3,872	4,027	4,188	19,390
H.11. Grants to Mission Hospitals	11,867	12,342	12,836	13,349	13,883	64,277
H.12. Purchase of Drugs	2,400	2,400	2,400	2,400	2,400	12,000
H.13. Insurance and Contingencies	2,620	2,725	2,834	2,947	3,065	14,191
T O T A L ..... R	119,623	124,289	129,142	134,186	139,433	646,673

Table 59(a)

HEALTH : CAPITAL SUMMARY

Table No.	Scheme No.	Scheme	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
53	H.1	Rural Health Services	25,000	27,000	30,000	30,000	34,000	146,000
54	H.2	Hospital Improvements	110,000	232,000	105,000	85,000	40,000	572,000
55	H.3	Public Health Laboratory	22,500	1,000	1,000	14,500	1,000	40,000
56	H.4	Radiology	67,000	-	-	-	-	67,000
57	H.5	Mental Observation Units	6,000	12,000	12,000	12,000	6,000	48,000
58	H.6	Social Welfare	25,900	-	700	700	5,700	33,000
		TOTAL	R 256,400	272,000	148,700	142,200	86,700	906,000

Table 59(b)

Health : Recurrent : Summary

Project Title	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Rural Health Services	9,146	16,240	25,470	33,571	45,471	129,898
Public Health Laboratory	5,200	8,635	10,078	20,825	22,432	67,170
Radiology	1,588	1,748	3,756	4,088	4,220	15,400
Social Welfare	14,114	12,816	13,636	15,028	16,484	72,078
H.13 Various Health Schemes (Table 79)	119,623	124,289	129,142	134,186	139,433	646,673
TOTAL ..... R	149,671	163,728	182,082	207,698	228,040	931,219

CHAPTER IX

EDUCATION AND TRAINING

149. Education

As recommended by both the ODM Mission Report and UNESCO, Government is seeking the services of an Educational Planner from the United Nations. While awaiting his arrival and recommendations, it is proceeding roughly along the lines suggested by ODM, although in some respects - notably in the field of secondary education - it feels that those recommendations are probably inadequate to the country's prospective needs.

150. Primary Education

Government agrees that thre is an urgent need to provide more equipment and teaching aids in primary schools, and proposes to carry this out on the scale recommended by the ODM Mission.

Table 60

Teaching Aids (E.1.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Equipment and Teaching Aids	R66,000	40,000	22,000	20,000	17,000	165,000

151. Upgrading

Some 900 primary teachers (out of a total of about 2,500) have received no training. Both the UNESCO Mission's Report and the Hutton Report on teachers' salaries recommend the in-service training of these teachers as a matter of urgency. The training began this year with an intake of 100 teachers, who will undergo a two-year period of training; that is, a three-week intensive residential course at a training college (July-August 1966) assignments and supervised study at the teachers' schools (August 1966-July 1967) second residential course (July-August 1967); assignments, etc. (August 1967-July 1968); final intensive course (July-August 1968.). There will be a continuous assessment of the trainees' progress throughout the two years, and a final examination at the end of the two-year period. Allowing for wastage, it is hoped totrain about 400 teachers between 1966 and 1972.

152. Training is undertaken by a team from a training college in the United Kingdom, the University School of Education, and the professional staff of the Ministry of Education. The cost of this project during 1966/67 is estimated at R16,500, of which about R13,000 is spent on trainees' boarding, trainees' travelling costs, and teaching materials. The rest meets the local costs of the U.K. team, whose travelling expenses from England and back are met by O.D.M. The cost of the training will rise from year to year because there is to be a fresh intake of 100 each year. Provision is made in the budget projection for the increased salaries that successful trainees will command.

Table 61

Upgrading (E.2.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Trainees' Boarding, Travelling, Materials, Local Costs of U.K. Team.	R16,500	17,160	17,850	18,570	19,310	89,390
Recurrent:-						
Increased Salaries	R -	4,300	10,000	16,000	25,000	55,300

153. Amalgamation of Teacher Training Colleges

The UNESCO Mission recommended that this Ministry should plan to amalgamate the teacher training colleges, and consultations with heads of missions have been started. There are seven small training colleges: two for men, four for women, and one mixed. It is not yet certain what form the proposed amalgamation will take, but one likely solution will be to amalgamate the two men's colleges, the four women's colleges, and leave the mixed college separate for the time being. The two men's colleges, St. Joseph's and Basutoland Training College, could be amalgamated round the present St. Joseph's site at Maseru. The four women's colleges would have to be amalgamated on a new site. Such a large, modern training college for women would be a highly desirable first stage, and a beginning should be made in the 1967/68 financial year. The present enrolment of the four women's colleges is about 350 (St. Catherine's 80, Mazenod 86, Morija Girls' 89, St. Mary's 86). Allowing for some expansion and the development of the advanced Teachers' Certificate course, the new amalgamated training college should have room for 450 students. A similar scheme for the men's colleges is envisaged, beginnin in 1969/70.

Table 62

Amalgamation of Training Colleges (E.3.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Buildings	264,000	131,000	264,000	131,000	-	790,000
Equipment	66,000	34,000	66,000	34,000	-	200,000
Total.....	R330,000	165,000	330,000	165,000	-	990,000
Recurrent:-						
Training Staff	R 20,000	25,000	32,000	40,000	48,000	165,000

154. Secondary Education

Pending the production of an overall educational plan by an expert planner, it is intended to double-stream two junior secondary schools and upgrade one junior secondary school to high school status during 1967/68, thereby providing 190 more secondary school place and 60 more high school places.

In 1968/69 three junior secondary schools will be double-streamed, and 285 additional secondary school places will be provided. In 1967/68 a minimum of 10 additional teachers will be required, and 12 in 1968/69.

Table 63

Secondary School Expansion (E.4.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Extensions to Existing Schools	60,300	50,000	70,000	-	-	180,300
Hostel Accommodation	124,700	102,700	-	-	-	227,400
Equipment & Furniture	31,000	60,000	-	-	-	91,000
Staff Housing	16,000	24,000	-	-	-	40,000
Total	R232,000	236,700	70,000	-	-	538,700
Recurrent:-						
Salary Grants	R 33,000	60,000	65,000	72,000	80,000	310,000

Similar additional provision will probably be required from 1969/70 onwards, but the Ministr can at present only put forward the beginning of the programme.

155. Inspectorate

There is general agreement that the system of school inspection needs improvement to ensure that good use is made of the facilities provided.

Table 64

Inspectorate (E.5.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Staff Quarters	R16,000	12,000	12,000	-	-	40,000
Recurrent:-						
Personal Emoluments	14,880	15,480	16,080	16,680	16,680	79,800
Other Charges	1,200	900	900	900	900	4,800
Total	R16,080	16,380	16,980	17,580	17,580	84,600

156. Higher Education

In order to create a local suppl of high level manpower Government proposes to make bursaries available to suitably qualified students, and to make a grant in aid to UBBS.

Table 65

Higher Education (E.6.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Recurrent:-						
Bursary Awards	21,750	53,250	66,000	77,500	90,750	309,250
Grant in Aid	187,000	235,000	241,000	250,000	260,000	1,173,000
Total	R208,750	288,250	307,000	327,500	350,750	1,482,250

157. Training

Vocational training is at present divided between several Ministrys. In some cases - training for nursing, teaching, police work and agriculture, for example - the scale of operations, the length of courses and the regularity of the requirements are sufficient to justify making them the responsibility of the appropriate Ministry. There are, however, numerous other training needs which are of an ad hoc nature or where there are several Ministries with requirements in common; consideration is being given to centralising these under the Civil Service Training Officer. It is thought that this would make for greater efficiency and a more flexible use of funds. This has not yet been decided upon, and the training proposals made below are distributed between several Ministries.

158. Vocational and Commercial Training (Education)

Little expansion of facilities is envisaged at present. The funds for which application is being made will go mainly into improving facilities at the Lerotholi Artisan Training Centre, where a laboratory is required for elementary science - especially physical science - which has to be taught as a basis for teaching some of the trades.

Table 66

Vocational & Commercial Training (E.7.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Equipment	R 5,000	15,000	10,000	-	-	30,000
Recurrent:-						
Training Costs	R -	78,000	83,000	89,000	95,000	345,000

159. Training for Community Development & Local Authority Personnel (Local Government)

With the agreement of the Ministry of Education, it is proposed to add a Training Wing to the School of Agriculture. It is felt that this would be preferable to using the extension department of UBBS.

160. The Ministry of Local Government estimates that 500 such personnel will be required over 5 years, and aims to train 100 per year. The course would consist of two months at the School plus one month of practical

training with local authorities. There would be three courses per year and, allowing for wastage, subsistence at R1.50 per head per day has been allowed for 40 students for 300 days per year. Two additional classrooms are required. Provision is also made for a dormitory-type hostel, and expansion of dining and kitchen facilities. The scheme is intended to cope with the "hump" of training. The personal emoluments cover a contract Training Officer, a J.E.O. and two Clerks. The Ministry believes this training to be of such urgency that it is prepared to begin in such makeshift accommodation as can be found before the buildings are completed.

Table 67

Training for Community Development and Local Authority Personnel (E.8.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Buildings & Equip.	20,000	15,000	20,000	10,000	5,000	70,000
Trainees' Subsistence	18,000	18,000	18,000	18,000	18,000	90,000
Contingencies	2,000	2,000	2,000	2,000	2,000	10,000
Personal Emouluments	4,554	4,762	4,986	5,238	5,490	25,030
Total	R44,554	39,762	44,986	35,238	30,490	195,030

161. Civil Service Training

This covers a wide variety of courses, and although the needs are likely to be substantial, it is difficult to forsee them with precision. General expenses on administrative staff, instructors, training positions and allowances, correspondence courses, training aids and office expenses have been assumed to keep within the 4% creep. The expenses of external courses and bursaries are intended to provide for the costs of those overseas courses not catered for under international technical assistance. Territorial provision is assumed to reach a ceiling of R15,000 per annum in 1968/69.

162. In 1966/67, the votes of the Ministry of Education and of the Training Section provide for 85 Government bursaries for Basotho. A further 10 are provided through international technical assistance. In 1967/68 it is estimated that 100 Government bursaries will be needed for Basotho who gain admission to UBBS, and thereafter provision is made for an increase of 20 per year. About half of these are covered by the Ministry of Education in its budget and development schemes. The remainder are provided for below.

163. Provision for other training within the Territory is assumed to reach a maximum of R12,500 in 1968/69. The funds are needed to pay travelling and subsistence for courses run mainly by the Ministries of Agriculture, Co-operatives, Justice and Local Government, plus similar costs for courses for clerical, executive and administrative officers. The provision includes payment of instructors and provision of equipment. No provision is made for supernumery appointments.

Table 68

Civil Service Training (E.9.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Recurrent:-						
General Expenses	77,801	81,400	84,500	87,900	91,500	423,101
External Courses & Bursaries	13,500	15,000	15,000	15,000	15,000	73,500
UBBS Bursaries	30,000	36,000	42,000	48,000	54,000	210,000
Internal Courses	8,200	10,600	12,500	12,100	11,500	54,900
Total	R129,501	143,000	154,000	163,000	172,000	761,501

164. Training : Community Development

As part of the plan for re-organisation of local government, and to ensure popular participation in the Development Plan, the present C. D. & W. scheme for Community Development is to be continued on an expanded basis. Although not strictly education and training in the accepted sense, it is convenient to include it here.

Table 69

Community Development (E.10.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Recurrent:-						
Personal Emoluments	29,905	31,500	34,000	37,000	40,000	172,405
Other Charges	20,502	21,000	21,000	21,000	21,000	104,502
Total	R50,407	52,500	55,000	58,000	61,000	276,907

165. Works Training and Trade Testing

It is proposed to continue the schemes for Training and Trade Testing and Driving School within the Ministry of Works. Since these schemes have been treated as development before, they are shown now as development expenditure to be taken in the budget.

Table 70

Works Training & Trade Testing (E.11.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Recurrent:-						
Personal Emoluments	13,439	18,100	18,600	19,100	19,600	88,839
Other Charges	4,000	4,000	4,000	4,000	4,000	20,000
Total	R17,439	22,100	22,600	23,100	23,600	108,839

166. Miscellaneous Training (E.12. and E.13.)

Two small proposals, one for the Department of Audit (R2,197) and one for the Department of Posts & Telegraphs (R2,200) are made for 1967/68.

167. Library Service

The British Council Representative has indicated that the Council would be prepared to defray the capital cost of establishing a National Library Service, totalling R73,000 over four years. The offer is contingent upon the Government of Lesotho meeting the recurrent costs shown below. It is clearly desirable that such a service should be established to maintain standards of literacy among school leavers and to facilitate further education of all kinds, and the Ministry of Education wishes to take advantage of the offer.

Table 71

Librarian (E.14.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Recurrent:-						
Personal Emoluments	6,700	6,700	6,700	9,000	9,360	38,460
Other Charges	3,300	3,300	3,300	7,300	7,512	24,712
Total	R10,000	10,000	10,000	16,300	16,872	63,172

168. Museum

The interim Museums and Archives Committee has advised the Minister of Education that a National Museum be established in Maseru. To begin with there would be one exhibition room so planned that additional could be made.

Table 72

Museum (E.15.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Exhibition Room, etc. Cabinets/Shelving	11,000	9,000	9,000	-	-	29,000
Staff Housing & Offices	17,680	-	-	-	-	17,680
Specimens	-	400	400	500	500	1,800
Total	R28,680	9,400	9,400	500	500	48,480
Recurrent:-						
Personal Emoluments	-	2,000	2,080	2,160	2,250	8,490
Other Charges	-	200	210	220	230	860
Total ..... R	-	2,200	2,290	2,380	2,480	9,350

169. Education - Continuing Schemes

Three schemes which have been carried on C. D. & W. hitherto are to be continued. They are as follows:-

Table 73

Continuing Schemes (E.16 - E.18)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Recurrent:-						
E.16 Additional Staff	15,858	16,500	17,200	17,900	18,600	86,058
E.17 L.A.T.C.	14,274	15,000	15,600	16,200	16,800	77,874
E.18 Bursaries & Scholarships	28,000	28,000	28,000	28,000	28,000	140,000
T O T A L ..... R	58,132	59,500	60,800	62,100	63,400	303,932

Table 73(a)

EDUCATION & TRAINING : CAPITAL SUMMARY

Table No.	Scheme No.	Scheme	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
60	E.1	Equipment & Teaching Aids	66,000	40,000	22,000	20,000	17,000	165,000
61	E.2	Upgrading	16,500	17,160	17,850	18,570	19,310	89,390
62	E.3	Training Colleges	330,000	165,000	330,000	165,000	-	990,000
63	E.4	Secondary School Expansion	232,000	236,700	70,000	-	-	538,700
64	E.5	Inspectorate	16,000	12,000	12,000	-	-	40,000
66	E.7	Vocational & Commercial Training	5,000	15,000	10,000	-	-	30,000
67	E.8	Local Government Training Wing	44,554	39,762	44,986	35,238	30,490	195,030
72	E.15	Museum	28,680	9,400	9,400	500	500	48,480
		T O T A L	R 738,734	535,022	516,236	239,308	67,300	2,096,600

74 (a)

Table 73(b)

Education : Recurrent : Summary

No.	Project Title	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
2.2	Upgrading	-	4,300	10,000	16,000	25,000	55,300
2.3	Amalgamation of Training Colleges	20,000	25,000	32,000	40,000	48,000	165,000
2.4	Secondary Education	33,000	60,000	65,000	72,000	80,000	310,000
2.5	Inspectorate	16,080	16,380	16,980	17,580	17,580	84,600
2.6	Higher Education	208,750	288,250	307,000	327,500	350,750	1,482,250
2.7	Vocational & Commercial Training	-	78,000	83,000	89,000	95,000	345,000
2.9	Civil Service Training	129,501	143,000	154,000	163,000	172,000	761,501
2.10	Community Development	50,407	52,500	55,000	58,000	61,000	276,907
2.11	Workshop Training & Trade Testing	17,439	22,100	22,600	23,100	23,600	108,839
2.12 & 13	Miscellaneous	4,397	-	-	-	-	4,397
2.14	Library	10,000	10,000	10,000	16,300	16,872	63,172
2.15	Museum	-	2,200	2,290	2,380	2,480	9,350
2.16-18	Continuing Schemes	58,132	59,500	60,800	62,100	63,400	303,932
	TOTAL ..... R	547,706	761,230	818,670	886,960	955,682	3,970,248

CHAPTER X

PLANNING MACHINERY & STATISTICS

170. Although the machinery for drawing up and evaluating development plans, and securing their implementation, still leaves much to be desired, a very small Economic Planning Unit has been established under the Prime Minister, and the National Planning Board, provided for in the Constitution, has held several meetings. The work of the Planning Unit has suffered from the fact that for the first few months, its Director was also Permanent Secretary to the new Ministry of Economic Development, Commerce & Industry, with a burden of administrative duties that had little to do with planning, a situation that has recently been improved by the physical separation of the Unit from the Ministry. Its office accommodation, equipment and staff has been inadequate for the work of evaluation and co-ordination that it should be doing.

171. It is not unusual for a country to have to feel its way towards devising procedures for planning and the implementation of plans, and it is hoped that the recommendations of Sir Walter Coutts will help us to make further progress in this field.

172. The work of planning has been seriously hampered by the absence of reliable statistics. Some of the figures available were, prima facie, so poor that they could only be seriously misleading. A recent visitor from ODM remarked of one series that it was merely an index of the vigour with which they were collected. This situation is rapidly improving with the appointment of an experienced Director of Statistics under OPEX. The results of the census of April 1966 are being produced, and these should provide a firmer basis for projecting manpower supplies and social and educational requirements: statistics relating to commodity imports and exports for 1965 have been published, and it is hoped that figures for the last quarter of 1965 and the first quarter of 1966 will soon be available; a census of industrial production has been undertaken and the results are being processed; banking statistics, designed to meet Lesotho's special needs as part of a monetary union, are being collected; it is proposed to undertake a rural consumption expenditure survey; the compilation of national income estimates is proceeding.

173. It is the objective of the Bureau of Statistics over the next five years to supply Government and the public with a full range of statistics covering demography, agriculture, industry, distribution, banking and finance, labour and employment, prices and price indices, national income, balance of payments and social statistics related to health, education and social welfare. The major new project which can be forseen in the years 1968/69 onwards is an Agricultural Sample Census on the Morojele pattern which would probably be spread over three financial years. At this stage, an estimate of the cost can only be an order of magnitude figure. Much depends on the help that the Ministry of Agriculture could give in the supply of the services of field workers.

174. The Bureau of Statistics serves all Ministries as well as providing information for the public. Its programme represents no more than the minimum required for the rational formulation of economic plans and policies.

Table 74

Economic Planning Unit (P.1.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Planning Office	12,000	-	-	-	-	12,000
Equipment	3,000	1,000	1,000	-	-	5,000
Total	R15,000	1,000	1,000	-	-	17,000
Recurrent:-						
Personal Emoluments	11,673	11,805	11,937	12,200	12,400	60,015
Other Charges	6,200	7,500	7,500	7,500	7,500	36,200
Total	R17,873	19,305	19,437	19,700	19,900	96,215

N.B. It is proposed that the E.P.U. continue to be staffed by U.N. or SCAAP technical assistance personnel, other than the establishment on the present C. D. & W. scheme. Some increase in Other Charges is provided to cater for additional Technical Assistance Personnel.

Table 75

Statistics (P.2.)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Office Extension	-	7,00	-	-	-	7,000
Special Surveys & Investigations	27,900	16,000	5,000	15,000	10,000	73,900
Total	R27,900	23,000	5,000	15,000	10,000	80,900
Recurrent:-						
Personal Emoluments	22,261	22,815	27,233	28,433	34,167	134,899
Other Charges	3,700	5,00	5,00	5,00	5,00	23,700
Total	R25,961	27,815	32,233	33,423	39,167	158,599

Table 76

Planning & Statistics Summary

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Planning	15,000	1,000	1,000	-	-	17,000
Statistics	27,900	23,000	5,000	15,000	10,000	80,900
Total	R42,900	24,000	6,000	15,000	10,000	97,900
Recurrent:-						
Planning	17,873	19,305	19,437	19,700	19,900	96,215
Statistics	25,961	27,815	32,233	33,423	39,167	158,599
Total	R43,834	47,120	51,670	53,123	59,067	254,814

CHAPTER XI

PUBLIC FINANCE

175. The ODM Mission Report rightly gives much attention to the budgetary situation. The territorial budget was balanced without aid from the time when the country came under British rule until the end of the nineteen fifties. As recently as 1955, the Symon Report confidently forecast that revenue would continue to be buoyant and that the budget would be balanced indefinitely without external assistance. Yet, from 1959 onwards, the position deteriorated rapidly until the current year when the grant-in-aid required to balance the budget amounted to 56% of expenditure.

176. The Lesotho Government recognizes that this state of affairs cannot go on indefinitely. The views of the ODM Mission at para. 4 of their Report are fully shared. It must nevertheless, be realised, that the Government has inherited a serious and deteriorating situation which cannot be remedied in a short time. It is a gross over-simplification to attribute the large deficit to profligate over-expenditure. By any standards, the budget is a small one, and many services, such as health, are only rudimentary compared with standards accepted elsewhere. Nor is the removal of the deficit merely a matter of collecting or imposing taxes which ought to, and can be, collected or imposed, but are not. The root cause of the deficit is economic stagnation. The costs of Government have increased along with those in the surrounding Republic and the world at large, while the economy of the country and hence Government revenue has remained stationary. There is ground for suspecting that the national income per head of population has actually gone down over the past few years.

177. Development expenditure and deficit budget spending have had no immediate impact whatever on the economy. This is explained partly because the development expenditure has mostly been on infra-structure yielding long-term returns and partly because there is no internal multiplier effect. Aid to Government results in spending outside the country's borders or in the import of manufactured goods. Much of even the retail trade generated takes place in the border towns outside the country or in the large South African cities. As a consequence, Government expenditure does not generate revenue - it merely creates a trade deficit.

178. Much development has resulted in permanent increment to the recurrent expenditure on the budget without any noticeable increase in revenue. To this extent Lesotho has suffered the classic fate of having been "developed into incurable bankruptcy". This is the severest criticism that can be made of the previous development plans: that they provided for increases in various public services, but were unrelated to the kind of economic development which generates revenue. Nor can the services, once started, be readily discarded. Each one creates its own rationale and makes itself indispensable.

179. The costs of Government have greatly increased over the past few years. This is partly, but only partly, explained by an increase in administrative superstructure and the consequences of a bi-cameral parliamentary system of Government. The actual prices of the things Government pays for, from pots of paint to the Civil Servants salaries, have risen sharply - much more so than the output of the economy or Government revenues, over the past few years. In the Civil Service, expatriate salary rates have increased substantially partly because of world demand for expatriate

experts and partly because of the employment of expatriates on short-term contracts instead of a career basis. Short-term contract officers are usually paid much more than they would be on permanent and pensionable terms. The high level of expatriate salaries has inevitably caused increases in local officers' salaries as well. The Government feels that it inherited this situation from its predecessor and that it cannot now cut back a salary structure which was imposed upon it during the pre-independence period.

180. Lesotho is a poor and undeveloped country whose exports consist solely of wool and mohair, livestock, hides and skins, small quantities of agricultural produce, and labour. The total value of exports, other than labour, was R5 million in 1965. The income derived from labour, in remittances and cash sent home was probably about R3 million. The difficulties of the country have been intensified by a long term fall in wool prices. Wool prices reached an all time peak in 1951 and remained high for a few years afterwards. Since then, they have steadily declined, although marketing costs have increased. The net incomes of the sheep farmers are a good deal lower now than they were ten years ago and this is without allowing for the declining value of money. The earnings of migrant labour have gone up, but not as fast as the costs of Government.

181. It is against this background of chronic difficulties that the fiscal situation must be considered. It must, furthermore, be remembered, as the ODM Mission points out, that the room for manoeuvre is limited. The country is in a Customs Union with the Republic and would find it difficult to be otherwise. Yet the South African tariff is designed for an entirely different consumption pattern and in fact yields to Lesotho only about a half, per head of population, of the Customs & Excise revenue of Tanzania, which is also a poor country. Again, as the ODM Mission Report also points out, income tax rates cannot vary substantially from those prevailing in the Republic.

182. It should be obvious that Lesotho can only have a chance of attaining a healthy fiscal situation after several years of successful economic development. Under present conditions the taxable capacity must be severely limited, while a "Geddes Axe" of large scale cuts in expenditure would be self-defeating in that they would cause further economic decline. Nevertheless, the Government recognizes the need both to increase revenue and to economise on unproductive expenditure. It is considered that this is too important a matter to be done in an arbitrary manner, but should result from a careful scrutiny of all aspects of the question by independent commissioners of high calibre.

183. With the concurrence of the Ministry of Overseas Development, the Government has appointed Professor Horwood, Vice Chancellor of the University of Natal to be a Commissioner to enquire into and report upon the fiscal situation in the country, together with the implications of this for the administrative structure. Simultaneously Sir Walter Coutts is undertaking a review of the administrative structure of Government. The two commissions are complementary, and it is hoped that they will produce a basis for a better fiscal policy and for a more efficient and economical administrative machine.

184. Revenue

The ODM Mission Report itself makes a large number of valuable proposals for the increase of revenue. These are being considered by Professor Horwood and will be taken into account when preparing his Report. The

Government would have liked to have incorporated detailed revenue proposals and detailed comments on the ODM Mission Report and proposals in the present document. Unfortunately it has not been possible to do so, because Professor Horwood, at the time when this document had to be drafted, was still working on his enquiry, while Sir Walter Coutts was still to arrive. It will not be possible to produce final estimates of revenue (or expenditure) until both reports are received.

185. While it is not yet possible, pending Professor Horwood's Report to include detailed and final proposals for increasing revenue, the Government has decided to take action on a number of minor points, including some dealt with in the ODM Mission Report, including:-

(a) Posts & Telegraphs:

The following increases took effect from 1st January, 196

Telephone calls:	ordinary from	2½c to 3c.
Telephone calls, from boxes	"	2½c to 5c.
Trunk rates	(	2½c to 5c.
	(	7½c to 10c.
Rent of private boxes:		R3 to R4.
Rent of private bags:		R4 to R5.
Conveyance of bags:		R2,10 to R3.

and from 1st October 1966 the registration fee has been increased from 5c to 10c, and postal order commission rates raised. An increase in revenue totalling R11,500 in 1966/67 is anticipated.

It is possible that the Republic, which has recently raised its rail charges, will be led to raise its internal postage rates shortly, which could pave the way for a similar increase in Basutoland.

(b) Health Department:

Government has agreed to increase medical charges with effect from 1st December, and to introduce a number of new charges, including a daily maintenance charge for in-patients, an admission charge, theatre charges and operation charges. It is estimated that an increase in revenue of some R52,000 per annum will accrue - i.e. an increase of some 80%.

(c) Immigration:

Passport fees for local passports were raised on the 17th January 1966 to R1.50 plus a charge of 50c for photographs. A local passport is officially valid for 5 years though in practice the average time between renewals is in the neighbourhood of 3 years. Despite this, the revenue estimate of R80,000 is unlikely to be exceeded.

(d) Prison Industries:

Strict control is exercised over the use of prison labour, to ensure that the maximum possible saving in public expenditure is achieved. Considerable quantities of mail bags and furniture are manufactured, upholstery and tailoring work undertaken, and road gangs and cleaning gangs are in regular use.

(e) Water Rates:

Government has decided to abolish the water subsidy to Civil Servants, Ministers and Parliamentarians over a 18 month period. From 1st October 1966 to 31st March 1967 the minimum charge of Ro.50c will cover the first 13,000 gallons; from 1st April 1967 - the first 5,000 gallons, and on 1st April, 1968 the subsidy ceases entirely. For water consumed in excess of the gallonage covered by the minimum charge, charges will be the same as those applicable to the public.

(f) Sewerage Charges:

Para. 292 of the ODM Mission Report contains a minor inaccuracy. Neither the public nor the Civil Service pays any charges if connected to the Maseru Sewcarage system. In addition, Civil Servants are exempt from all charges for sanitary or sewerage services. The first step, to consult the Civil Servants Associations on the question of bringing Civil Servants into line with the general public, has been taken.

(g) Registration Fee & Export Levy on Diamonds:

The export levy is to be raised to 10% from the 1st October. Revenue from this source exceeded R60,000 in 1965/66, but there was one huge stone found which accounted for nearly half this on its own, so this cannot be taken as typical.

186. Preliminary Revenue Projection

Preliminary figures supplied by the Fiscal Survey Commission indicate that is should be possible to raise additional revenue in 1967/68 of the order of R800,000 over and above the 67/68 estimates. Broadly, this increase can be accounted for in the following manner:-

		R
1.	Re-introduction of a progressive form of personal taxation, the raising of basic tax to R4, and improved collection methods	250,000
2.	Turnover tax	140,000
3.	Increase in Customs & Excise collection	60,000
4.	Licence fees	40,000
5.	Health charges	50,000
6.	Water and sewerage charges	32,000
7.	School fees	134,000
8.	Diamonds	50,000
9.	Normal revenue creep	44,000
		800,000

187. Some of the increases, mainly items 5, 6 and 8 have been anticipated, vida para. 185 above. Item 3 represents the anticipated effect of a full year of the recent budget measures of the Government of the Republic of South Africa.

time to study, nor has even seen the details, of these or any other proposals, and can do no more than to acknowledge its recognition of the need to raise the maximum amount of additional revenue, its keen appreciation that this cannot be done painlessly, its determination to act decisively and courageously in this field and its conviction that the Basotho people will support such measures as are necessary in the knowledge that the money raised will be wisely applied in the interests of all sections of the community. At the same time the Government is very well aware that the raising of additional revenue cannot be done by the passing of laws and by the stroke of a pen. The ODM Mission Report stresses on more than one occasion that revenue is inefficiently collected at present, and this cannot be denied - though it can be partly explained by the physical nature of the country and by the - by any standards - appalling means of communication. It is interesting to note that uncollected revenue among the African population of the Republic of South Africa currently totals some R52,000,000. If the provisional figures of the Fiscal Survey Commission seem to some disappointingly moderate, we consider them rather realistic. It is Government policy to bring back under the control of Central Government the machinery of revenue collecting, and proposals for an integrated system for local administration are being actively studied.

189. If, on examination, Professor Horwoods preliminary proposals are accepted and are implemented, revenue in 1967/68 is estimated to be as shown in Table 77. It will be noted that in addition to Professor Horwood's provisional figures, certain other increases are anticipated to flow from development, mainly in the form of departmental earnings by the departments of Posts & Telegraphs, Ministry of Agriculture, by the electricity and water undertakings, and by the Department of Information. An immediate jump is also anticipated in wool and mohair duty; the suggestion at para. 295 of the ODM Mission Report is being followed up, and the prospects of arranging of the duties to be collected, much more efficiently than at present, by the South African Wool Board are very good. (Table 77 - page 82).

190. Expenditure

The rapid increase in Government expenditure is brought out in the table at Appendix 9 of the ODM Mission Report. The figure of R8,863,666 for the 1965/66 estimates was further increased to R9,615,351 in 1966/67 leaving a deficit to be financed by grant-in-aid of R5,500,000. In drawing up estimates for 1967/68 and future years, Government has to take into account the additional costs entailed by independence and the recurrent expenditure at present borne by grants under the C. D. & W. Act.

191. The ODM Mission Report has a good deal to say about administrative waste. For example, at para. 305 it is stated that " ..... the overall picture is one of a highly expensive political and administrative machine ..." The Government itself is keenly aware of the high cost, and low efficiency, of the administrative machine, and in general terms agrees with the criticisms in the ODM Mission Report. It is, however, one thing to paint a picture of monumental waste and inefficiency in general terms, and quite another to pin-point in detail, where improvements can be made. It is a common experience that things which could have been done without, had they never come into existence, cannot readily be discarded once they have. It is far from clear that substantial, as distinct from cheeseparing, economies can be made without drastically changing the whole structure of Government. It is for these reasons that Government decided to have the commissions of fiscal policy and administration. It considers that unbiased outside judgment is called for.

Table 77

Provisional Revenue Estimate 1967/68

		Actual 1965/66	Printed Estimate 1966/67	Revised Estimate 1966/67	Estimated 67/68 inc. Horwood
1.	TAXES				
	Basic Tax	744,380	765,000	760,000	957,000
	Graded Tax	15,924	21,000	21,000	54,000
	Income Tax	323,648	315,000	335,000	355,000
	Turnover	-	-	-	140,000
2.	CUSTOMS & EXCISE				
	Customs Agreement	1,222,171	1,282,000	1,282,000	1,354,000
	Basutoland Collection	176,499	180,000	180,000	193,000
3.	POSTS & TELEGRAPHS	276,769	305,640	320,140	388,305
4.	LICENCES	115,488	131,500	131,500	171,500
5.	FEES OF COURT OR OFFICE	114,186	68,000	115,000	115,000
6.	JUDICIAL FINES	52,847	100,000	50,000	50,000
7.	EARNINGS				
	Agriculture	25,614	32,000	28,000	62,490
	Stores (Printing)	18,209	37,500	20,000	37,500
	Education	17,878	15,550	17,000	151,000
	Health	50,808	70,325	60,000	107,000
	Immigration	83,405	100,000	80,000	80,000
	Information	1,069	800	2,000	50,000
	Local Government	6,827	7,600	7,600	7,600
	Prisons	1,365	3,000	3,000	3,500
	Electricity	148,598	150,000	168,000	195,600
	Water & Sewerage	44,074	77,000	52,000	82,000
	Joinery	30,999	60,000	35,000	35,000
	Sundries	1,463	1,000	1,000	1,000
8.	INTEREST	17,279	18,000	18,000	17,000
9.	WOOL & MOHAIR	173,703	174,000	174,000	207,000
10.	RENT	141,090	130,000	141,000	141,000
11.	MISCELLANEOUS	136,200	73,460	150,000	120,000
12.	REIMBURSEMENTS	13,537	4,500	7,000	7,000
	T O T A L	R 3,954,030	4,122,875	4,158,240	5,082,495

191. Until the Horwood and Coutts commissions have reported, Government is unable to produce final estimates of revenue and expenditure. In order to assess the position, and to produce figures for aid discussion, detailed estimates for 1967/68 have been prepared in terms of the existing structure of Government. These are summarised by heads at Table 78. The detailed estimates are in relatively crude form, that is to say they have not been subjected to to the normal Ministry of Finance analysis, a process which usually leads to considerable reduction. The figures have, however, been analysed to the extent of separating out the items derived from recurrent expenditure on C. D. & W. schemes, which must be taken onto the budget, and the items representing recurrent implications of increased or new development expenditure shown in the tables throughout this document and summarized in Table 83. The analysis, furthermore, shows the proposed expenditure on new, non-developmental, budget items as well as "creep" on it in the budget before. (Table 83 - Page 92).

192. The estimates have been left in this relatively crude form for a number of reasons. In the first place, they indicate the desirable level of expenditure within the existing structure of Government. In the second place, the process of scrutiny and analysis is a lengthy one, which cannot be hurried without resulting in arbitrary cuts, which are the antithesis of good financial administration. The proper time to prune expenditure to revenue is when the amount of revenue is known. In the third place, new expenditure both on development and on non-development items is not necessarily the proper place to effect economies. Arbitrary cuts tend to fall heaviest on new items of expenditure. The Government is convinced that the exact tailoring of budget expenditure should be carried out after the two commissions have reported, and after the level of revenue and grant aid have been fixed.

193. In the consideration of the budget for 1967/68 and projections for future years, a number of points must be borne in mind:-

(i) Development Expenditure

Recurrent expenditure deriving from development projects, together with continuing recurrent expenditure from existing C. D. & W. schemes have been taken on to the budget, following the ODM Mission Report's example. Detailed explanation of this expenditure has been given throughout this document and is summarized in the next chapter. It is considered that this class of expenditure cannot be much reduced without damaging the prospects of economic growth. The expenditure has still, however, to be detailed to financial examination which will probably lead to some removal of "fat".

(ii) Financial Implications of Independence

The ODM Mission Report at para. 317 refers to the cost of missions abroad and subscriptions to U.N. and other agencies as R200,000. The actual cost is now estimated at R284,370. The Police Force also needs to be strengthened on independence to bring the ratio of police to population up from its present level of 1 : 1,073 which is one of the lowest in the world, to 1 : 800. In the absence of armed forces, the police are entirely responsible for security.

(iii) Public Works Non-Recurrent

The ODM Mission Report, para. 321 (i), refers to "the budgetary allocation for capital expenditure on buildings and works that do not qualify for external assistance" and proposes that it should be held at R250,000. It is not fully understood why such buildings and works should be charged to the recurrent budget: indeed, the title "recurrent non-recurrent" is an absurdity. However, the ODM Mission Report has been followed for the purpose of this document. The initial departmental "shopping lists" under this item amounted to R1,600,000, much of which was, prima facie, deserving. For example, R680,000 is needed for police stations and police housing. This matter has been neglected for years. Housing for the police is of great importance for discipline and security. Public Works non-recurrent has always tended to be a residual item in the budget, tailored to bring expenditure into line with revenue and aid.

(iv) Health

The Ministry of Health is seriously understaffed, especially with specialists and medical staff for the Poly-clinic. As a consequence of faulty planning in the past, the Health Service is very unbalanced. Staff was removed from last year's estimates by the Secretary of State on the ground that it was C. D. & W. worthy, but no C. D. & W. funds were available. Additional medical staff could arguably be treated as development recurrent expenditure, but has in the estimates for 1967/68 been treated as a budgetary increase.

194. It was stated above that it is possible to make certain reductions in expenditure by detailed financial analysis. A preliminary examination of the detailed estimates suggests that the non-developmental increases could be reduced by R550,000 and the developmental by R150,000, without materially altering the structure of Government or the level of the services. Assuming that revenue is increased to R5,082,495 the following summary can be made:-

Table 79

Revenue & Expenditure 1967/68

Revenue	R	Expenditure	R	R
Total Local Revenue	5,082,495	1966/67 Budget	9,615,351	
		Proposed Increases	2,114,008	
			11,729,359	
		- Reductions	550,000	11,179,359
		CD&W to Budget	885,221	
		New Development	1,028,665	
			1,913,886	
Deficit	7,860,750	- Reductions	150,000	1,763,886
	R 12,943,245			R 12,943,245

Table 78

Estimates of Expenditure 1967/68

	HEAD	1966/67	Net Budget Increase	CD&W to Budget	New Develop-ment	Net Budget Decrease	1967/68
1.	Paramount Chief	33,206	28,534	-	-	-	61,740
2.	B.G.R.	44,525	-	-	-	44,525	-
3.	Senate	55,910	15,834	-	-	-	71,744
4.	Nat. Assembly	106,710	19,617	-	-		126,327
5.	Services Comms.	18,790	2,892	-	-	-	21,682
6.	Audit	40,057	5,506	2,197	-	-	47,760
7.	P.M., Cabinet & Privy Council	115,437	91,901	112,136	17,365	-	336,839
8.	Diplomatic Serv.	100,000	184,610	-	-	-	284,610
9.	Information	43,288	108,000	25,702	34,983	-	211,973
10.	Home Affairs	236,550	16,649	-	-	-	253,199
11.	Police	919,976	248,550	-	-	-	1,168,526
12.	Immigration	84,361	107,556	-	-	-	191,917
13.	Min. of Finance	326,227	17,827	-	-	-	344,054
14.	Central Stores	133,159	4,391	-	-	-	137,550
15.	Public Debt	226,772	-	-	-	23,294	203,478
16.	Pensions & Gratuities	501,200	-	-	-	14,000	487,200
17.	Economic Dev.	28,090	13,792	14,823	14,774	-	71,479
18.	Brit.Con.(Lab.)	62,330	9,388	-	-	-	71,718
19.	Labour	22,521	18,227	-	-	-	40,748
20.	Statistics	15,774	6,292	25,961	-	-	48,027
21.	Agriculture	667,999	60,810	404,475	477,267	-	1,610,551
22.	Education	1,817,059	191,289	31,532	314,430	-	2,354,310
23.	Health	921,916	187,508	117,947	31,724	-	1,259,095
24.	Justice	495,401	11,723	-	-	-	507,124
25.	Prisons	307,580	37,483	-	-	-	345,063
26.	Local Govern.	589,380	210,011	29,905	20,502	-	849,798
27.	Public Works	295,289	154,812	112,243	42,540	-	604,884
28.	P.W. Ann.Rec.	675,197	-	8,100	42,554	42,889	682,962
29.	P.W. Non-Rec.	237,205	417,100	-	-	-	654,305
30.	Elect.Supply	120,397	41,861	-	30,526	-	192,784
31.	Posts & Tels.	310,555	21,653	200	2,000	-	334,408
32.	Other Statutory Expenditure	62,490	4,900	-	-	-	67,390
TOTAL		9615,351	2238,716	885,221	1028,665	124,708	13,643,245

Including O.S.A.S.

CHAPTER XII

FINANCIAL IMPLICATIONS OF THE DEVELOPMENT PLAN

195. Capital

Tables 80, 81 and 82 set out the proposed capital expenditure under the Five Year Plan. The division into loans and grants is on a rule-of-thumb basis and could be subject to some amendment. For example, Broadcasting has been included in the list of proposals suitable for a grant on the assumption that broadcasting will be a social and educational service. Should, however, it prove possible to develop commercial broadcasting, the grant could become a self-financing loan. It is arguable that some capital for intfra-structure could be met by very long term "soft" loans without interest. However, in the parlous financial circumstances of Lesotho, it is considered that the Exchequer should not be saddled with future debt redemption until the economy is much more advanced than it is at present. The loan programme, therefore, has been confined to proposals which ought to be self-financing, at any rate, as far as debt redemption is concerned.

196. The size of the Capital Programme

The public sector capital programme amounts to R20,337,959. A figure which is considerably higher than that set out in Table 33 of the ODM Mission Report. The main differences are in additional capital for agriculture (including the proposed Agricultural Development Corporation), the inclusion of R1,000,000 for housing, which was supported in principle by the ODM Mission, but given no provision in their capital programme, by an expansion of the road construction programme, and by various proposals for expansion in the non-agricultural sector, including capital (at present notional) for an Industrial Development Corporation to replace the BAFED scheme, and an abattoir.

197. The capital programme does not at this stage provide for the construction of Oxbow or any other major scheme for harnessing the country's water resources. The first feasibility project is, at present, being carried out on the Oxbow proposal. There is already some reason to believe that the original Oxbow proposal is not sufficiently ambitious to meet the demand for water in the Transvaal. If this proves to be so, the plans for water development will be much more ambitious and much more profitable to Lesotho. It is expected that the construction of a major scheme will begin during the Five-year period. This will give a very big boost to gross capital formation within the country.

198. Apart from the development of a major scheme in water resources, capital formation will also be expanded, over and above the public sector proposals set out in these tables by some, or all, of the following:-

(i) investment by private enterprise as a result of the industrial development policy;

(ii) additional public sector investment arising from feasibility studies. (For example, the feasibility of wool processing is to be studied. If the report is favourable, an additional public sector investment of R2,000,000 will be called for;

Table 80

FIVE YEAR DEVELOPMENT PLAN 1967-1972

CAPITAL PROGRAMME

Capital Proposals Requiring Grants
Departmental Phasing

No.	Table	Title of Proposal or Service	1967 - 68	1968 - 69	1969 - 70	1970 - 71	1971 - 72	TOTAL
A	16	Agriculture Summary	819,055	419,575	341,630	215,980	158,785	1,955,02
L	26	Livestock Summary	218,100	91,000	57,500	48,800	18,400	433,80
C.1	33	Co-operatives	36,000	34,000	27,000	25,000	27,000	149,00
C.2	34	National Development Bank	145,000	65,000	40,000	50,000	50,000	350,00
I.2	35	Industrial Development Corporation ..	50,000	50,000	50,000	50,000	50,000	250,00
I.3	36	Businessmen's Advisor Service	14,000	-	-	-	-	14,00
I.4	37	Lesotho Handcraft Development Org. ...	10,000	10,000	10,000	10,000	10,000	50,00
I.5	38	Industrial Feasibility Surveys	20,000	20,000	20,000	20,000	20,000	100,00
I.7	40	Tourist Section	8,000	-	-	-	-	8,00
I.8	41	Broadcasting	96,400	10,000	14,000	14,560	15,142	150,10
W.1	43	Roads	1,078,320	1,078,320	1,078,320	1,078,320	1,078,320	5,391,60
W.2	44	Airfield Improvements	50,000	50,000	50,000	50,000	50,000	250,00
W.3	45	Air Radio Service	13,000	12,600	-	-	-	25,60
W.5	47	Water Resources Feasibility Surveys ..	150,000	100,000	100,000	100,000	-	450,00
W.6	48	Hydrological Survey	38,000	24,000	20,000	19,000	20,000	121,00
W.8	50	Village Water Supply	30,000	30,000	30,000	30,000	30,000	150,00
W.10	52	Mining & Geology Section	25,000	25,000	-	-	-	50,00
H	59a	Health	256,400	272,000	148,700	142,200	86,700	906,00
E	73a	Education	738,734	535,022	516,236	239,308	67,300	2,096,60
P	76	Planning & Statistics	42,900	24,000	6,000	15,000	10,000	97,90
		T O T A L	R 3,838,909	2,850,517	2,509,386	2,108,168	1,691,647	12,998,62

Table 81

FIVE YEAR DEVELOPMENT PLAN 1967-1972

CAPITAL PROGRAMME

Capital Proposals Suitable for Loan Finance

Departmental Phasing

No.	Table	Title of Proposal	1967 - 68	1968 - 69	1969 - 70	1970 - 71	1971 - 72	TOTAL
A	16	Agriculture Summary	50,000	50,000	50,000	50,000	50,000	250,000
C.2	34	National Development Bank	440,000	320,000	380,000	380,000	480,000	2,000,000
M.1	32	Abattoir	-	230,000	230,000	-	-	460,000
I.2	35	Industrial Development Corporation ..	100,000	100,000	100,000	100,000	100,000	500,000
I.6	39	Hotels	200,000	300,000	-	-	-	500,000
W.1	43	Road Project Alpha Completion	1,589,932	700,000	-	-	-	2,289,932
W.4	46	Telecommunications	113,000	120,000	62,000	75,000	-	370,000
W.7	49	Urban Water Supplies & Sewerage ...	333,000	160,500	103,000	20,000	-	616,500
W.9	51	Electricity, Maseru & Vicinity	69,900	53,300	147,300	73,700	8,700	352,900
		TOTAL	R 2,895,832	2,033,800	1,072,300	698,700	638,700	7,339,332

Table 82

CAPITAL PROGRAMME AGGREGATE

Table	TITLE	1967 - 68	1968 - 69	1969 - 70	1970 - 71	1971 - 72	TOTAL
16	Agriculture	869,055	469,575	391,630	265,980	208,785	2,205,025
26	Livestock	218,100	91,000	57,500	48,800	18,400	433,800
33	Co-operatives	36,000	34,000	27,000	25,000	27,000	149,000
34	National Development Bank	585,000	385,000	420,000	430,000	530,000	2,350,000
32	Abattoir	-	230,000	230,000	-	-	460,000
35	Industrial Development Corporation	150,000	150,000	150,000	150,000	150,000	750,000
36	Businessmne's Advisory Service	14,000	-	-	-	-	14,000
37	Lesotho Handcraft Development Org.	10,000	10,000	10,000	10,000	10,000	50,000
38	Industrial Feasibility Surveys	20,000	20,000	20,000	20,000	20,000	100,000
39	Hotels	200,000	300,000	-	-	-	500,000
40	Tourist Section	8,000	-	-	-	-	8,000
41	Broadcasting	96,400	10,000	14,000	14,560	15,142	150,102
43	Roads	2,668,252	1,778,320	1,078,320	1,078,320	1,078,320	7,681,532
44	Airfields	50,000	50,000	50,000	50,000	50,000	250,000
45	Air Radio Service	13,000	12,600	-	-	-	25,600
46	Telecommunications	113,000	120,000	62,000	75,000	-	370,000
47	Water Feasibility Surveys	150,000	100,000	100,000	100,000	-	450,000
48	Hydrological Survey	38,000	24,000	20,000	19,000	20,000	121,000
49	Urban Water and Sewerage	333,000	160,500	103,000	20,000	-	616,500
50	Village Water Supply	30,000	30,000	30,000	30,000	30,000	150,000
51	Electricity, Maseru	69,900	53,300	147,300	73,700	8,700	352,900
52	Mining & Geology	25,000	25,000	-	-	-	50,000
59a	Health	256,400	272,000	148,700	142,200	86,700	906,000
73a	Education	738,734	535,022	516,236	239,308	67,300	2,096,600
76	Planning & Statistics	42,900	24,000	6,000	15,000	10,000	97,900
	TOTAL	R6,734,741	4,884,317	3,581,686	2,806,868	2,330,347	20,337,959
	Made up of:- GRANT	3,838,909	2,850,517	2,509,386	2,108,168	1,691,647	12,998,627
	LOAN	2,895,832	2,033,800	1,072,300	698,700	638,700	7,339,332

(iii) the Development Bank will, if successful, raise loans from the public, both direct and via the Post Office Savings Bank for re-investment in productive enterprise;

(iv) farmers and small businessmen will invest in capital equipment from their own resources;

It should, further, be noted that some recurrent expenditure on the budget is developmental - for example - agricultural demonstrations.

199. Phasing of the Programme

The phasing of the programme in the tables is not satisfactory. It represents the phasing of capital expenditure as Ministries and agencies would like it in, as it were, their capacity as consumers. For this reason, the tables have been headed "Departmental Phasing". The crowding of expenditure into the first year is a characteristic of departmental planning. In the present case there are a number of special reasons for the capital programme having this lop-sided appearance, including:-

(i) the IDA loan programme for Road Project Alpha is already going on and will continue for the first year and a half of the Five Year Plan;

(ii) much of the earth moving machinery in Soil Conservation is already worn out and hence a large programme of replacement is needed in the first year of the Plan;

(iii) a large number of development schemes provide for recurrent expenditure throughout the Five Year Plan. This expenditure includes personnel and before the scheme can be started, housing, office accommodation and transport has to be provided.

Nevertheless, the phasing cannot be left to stand as it is. Analysis shows, for example, that the building programme is very heavy at the beginning of the Plan, but trails off to nothing towards the end. While it is true that it would be possible to carry out the inflated programme in the first year or two by bringing in large scale contractors for the specific purpose of carrying out the programme, it would be contrary to the economic interests of the country to do so. The multiplier effects of the building programme would once again be lost, it would be impossible to establish a local building industry and the demand for bricks would be subject to such violent inflation that a local brickworks would not be able to survive. That is assuming that local bricks would be used by big outside contractors. More likely they would wish to use more modern building methods and this is another argument against bringing them in. It is of far greater value to have a local industry, using local materials, even if the industry is somewhat old-fashioned.

200. It is necessary, therefore, for the capital programme to be rephased somewhat to meet the interests of the economy as a whole and in terms of feasibility rather than the demands of departments. It has, however, been decided after careful consideration not to proceed with re-phasing at this stage for a number of reasons:-

Table 83

FIVE YEAR DEVELOPMENT PLAN 1967-1972

Recurrent Expenditure

No.	Table	Title of Proposal or Service	1967 - 68	1968 - 69	1969 - 70	1970 - 71	1971 - 72	TOTAL
A	17	Agriculture Summary	648,666	759,211	845,890	943,611	996,924	4,194,302
L	30	Livestock Summary	184,520	230,474	266,924	287,096	292,290	1,261,304
C.1	33	Co-operatives	48,556	45,336	42,236	40,136	37,536	213,800
I.3	36	Businessmen's Advisory Service	11,724	12,193	12,680	13,187	13,714	63,498
I.7	40	Tourist Section	12,684	13,071	13,603	14,147	14,630	68,135
I.8	41	Broadcasting	44,305	46,077	47,920	49,836	51,829	239,967
I.9	42	Additional Information Assistants ..	3,696	3,840	3,984	4,128	4,272	19,920
W.1	43	Roads	59,857	113,854	176,982	236,402	281,882	868,977
W.6	48	Hydrological Survey	74,358	75,100	75,800	76,600	77,500	379,358
W.7	49	Urban Water & Sewerage	21,954	22,778	16,661	10,338	-	71,731
W.8	50	Village Water Supply	20,227	21,036	21,877	22,751	23,660	109,551
W.9	51	Electricity, Maseru	30,526	21,535	22.376	23,251	24,160	121,848
W.10	52	Mining & Geology	11,602	12,066	12,548	13,050	13,571	62,837
H	59b	Health	149,671	163,728	182,082	207,698	228,040	931,219
E	73b	Education	547,706	761,230	818,670	886,960	955,682	3,970,248
P	76	Planning & Statistics	43,834	47,120	51,670	53,123	59,067	254,814
		T O T A L	R 1,913,886	2,348,649	2,611,903	2,882,314	3,074,757	12,831,509

Table 84

Provisional Revenue Projection

		1967/68	1968/69	1969/70	1970/71	1971/72
1.	TAXES					
	Basic Tax	957,000	981,000	1,005,000	1,030,000	1,055,000
	Graded Tax	54,000	57,000	60,000	63,000	66,000
	Income Tax	355,000	376,000	398,000	421,000	446,000
	Turnover	140,000	147,000	154,000	161,000	169,000
2.	CUSTOMS & EXCISE					
	Customs Agreement	1,354,000	1,427,000	1,504,000	1,585,000	1,670,000
	Basutoland Collection	193,000	202,000	212,000	222,000	233,000
3.	POSTS & TELEGRAPHS	388,000	398,000	419,000	441,000	476,000
4.	LICENCES .	171,000	179,000	187,000	196,000	205,000
5.	FEES OF COURT OR OFFICE	115,000	169,000	173,000	177,000	181,000
6.	JUDICIAL FINES	50,000				
7.	EARNINGS					
	Agriculture	62,000	80,000	105,000	120,000	132,000
	Stores (Printing)	37,000	39,000	40,000	41,000	43,000
	Education	151,000	155,000	159,000	163,000	167,000
	Health	107,000	110,000	113,000	116,000	119,000
	Immigration	80,000	80,000	80,000	80,000	80,000
	Information	50,000	52,000	54,000	56,000	58,000
	Local Government	8,000	-	-	-	-
	Prisons	4,000	4,000	4,000	5,000	5,000
	Electricity	196,000	241,000	297,000	359,000	428,000
	Water & Sewerage	82,000	98,000	117,000	140,000	168,000
	Joinery	35,000	35,000	36,000	36,000	36,000
	Sundries	1,000	1,000	1,000	1,000	1,000
8.	INTEREST	17,000	17,000	16,000	16,000	15,000
9.	WOOL & MOHAIR	207,000	209,000	211,000	213,000	215,000
10.	RENT	141,000	148,000	155,000	162,000	170,000
11.	MISCELLANEOUS	120,000	120,000	120,000	120,000	120,000
12.	REIMBURSEMENTS	7,000	7,000	5,000	5,000	5,000
	T O T A L ..... R	5,082,000	5,332,000	5,625,000	5,929,000	6,263,000

Table 85

Budget Projections 1967-72

Expenditure

	HEAD	1967/68	1968/69	1969/70	1970/71	1971/72
1.	Paramount Chief	61,740	47,559	49,461	51,439	53,496
2.	B.G.R.	-	-	-	-	-
3.	Senate	71,744	74,613	77,597	80,700	83,928
4.	National Assembly	126,327	131,380	136,635	142,100	147,784
5.	Service Commissions	21,682	22,549	23,450	24,388	25,363
6.	Audit	47,760	47,074	47,253	49,832	53,000
7.	P.M., Cabinet & Privy Council	336,839	358,632	378,257	396,227	414,556
8.	Diplomatic Service	284,610	295,994	307,833	320,146	332,951
9.	Information	211,973	220,377	229,135	238,388	247,671
10.	Home Affairs	253,199	263.326	273,859	284,813	296,205
11.	Police	1,168,526	1,357,752	1,432,060	1,509,340	1,589,712
12.	Immigration	191,917	199,593	207,576	215,879	224,514
13.	Min. of Finance	344,054	338,000	351,520	365,580	380,200
14.	Central Stores	137,550	143,052	148,774	154,724	160,912
15.	Public Debt	203,478	266,231	310,858	353,909	382,883
16.	Pensions, Gratuities	487,200	510,688	527,000	540,000	560,000
17.	Economic Development	71,479	74,992	77,350	79,929	82,537
18.	Brit.Con.(Labour)	71,718	105,186	109,386	113,686	118,206
19.	Labour	40,748	57,992	60,189	63,497	72,225
20.	Statistics	48,027	51,073	58,403	61,017	67,751
21.	Agriculture	1,610,551	1,783,622	1,933,595	2,080,530	2,168,774
22.	Education	2,354,310	2,632,311	2,759,298	2,901,977	3,048,564
23.	Health	1,259,095	1,317,529	1,382,035	1,455,649	1,525,909
24.	Justice	507,124	527,408	548,504	570,444	593,261
25.	Prisons	345,063	366,629	389,479	411,256	436,616
26.	Local Government	849,798	883,866	919,620	957,204	996,172
27/8	P.W.D. P.W.A.R.	1,287,846	1,392,639	1,497,201	1,599,803	1,686,477
29.	P.W.N.R.	654,305	660,000	660,000	660,000	660,000
30.	Electricity	192,784	203,000	223,000	240,000	254,000
31.	Posts & Telegraphs	334,408	347,900	369,200	380,800	395,900
32.	Other Statutory Exp.	67,390	67,390	67,390	67,390	67,390
	T O T A L ..... R	13,643,245	14,748,357	15,555,918	16,370,617	17,126,957

(i) the phasing will, in any case, be determined by the availability of aid; the departmental phasing emphasises the urgency for aid and should be known by potential aid donors;

(ii) the capital programme is by no means complete and there is some cause for crwoding the infrastructure investment into the first years, to make room for productive investment later on;

(iii) a good deal more analysis is needed to assess feasibility; the likely bottlenecks of housing, supervisory staff and manpower in general need much more study.

201. Re-current Expenditure

The recurrent expenditure entailed by the development plan is set out in Table 83. This includes expenditure at present carried on C. D. & W. funds, totalling R885,221. This figure is somewhat higher than that given in para. 302 of the ODM Mission Report (R723,000). The increase reflects expansion in 1966/67 compared with 1965/66. The new development expenditure arises directly from the various schemes set out in previous chapters. It should be noted that, in addition, part of the so-called budget increase in Table 79 could be argued to be really developmental. For example, administrative overheads in the Ministry of Agriculture have increased because of the development plan, but are treated as budget increases.

202. Budget Projections

Projections of revenue and expenditure for the five years 1967-1972 are shown at Tables 84 and 85.

203. The budget projections are based on the 1967/68 estimates which, as stated in the previous estimates, are raw figures which can be reduced by Ministry of Finance scrutiny. By the same token the projections themselves can be reduced by the same amount plus a percentage creep. The revenue figures are projections of estimates incorporating Professor Horwood's interim proposals. It is possible that the estimates are conservative, with insufficient allowance for increases in national income and taxable capacity, but at this stage, without Professor Horwood's Report, it would be unwise to count on more. The resultant financial position is shown at Table 86.

Table 86

Summary of Revenue & Expenditure 1967/72

	1967/68	1968/69	1969/70	1970/71	1971/72
Expenditure Projections	13,643,245	14,748,357	15,555,918	16,370,647	17,126,957
Less Reductions	700,000	728,000	757,120	787,405	818,901
	12,943,245	14,020,357	14,798,798	15,583,242	16,308,056
Revenue	5,082,000	5,332,000	5,625,000	5,929,000	6,263,000
Deficit	R 7,861,245	8,688,357	9,173,798	9,654,242	10,045,056

204. The Need for Aid

Bringing all the figures together, Lesotho's aid requirements over the Five Year Plan are as set out in the following Table:-

Table 87

Aid Requirements

	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Budget Deficit	7,861,245	8,688,357	9,173,798	9,654,242	10,045,056	45,422,698
Capital Aid	3,838,909	2,850,517	2,509,386	2,108,168	1,691,647	12,998,627
Loans Required	1,305,900	1,333,800	1,072,300	698,700	638,700	5,049,400
TOTAL ..... R	13,006,054	12,872,674	12,755,484	12,461,110	12,375,403	63,470,725
Loan Already Obtained (IDA)	1,589,932	700,000	-	-	-	-
	14,595,986	13,572,674	12,755,484	12,461,110	12,375,403	65,760,657

ADDENDUM

The following item was inadvertantly omitted from Chapter II of the Development Plan and is to be inserted immediately after paragraph 49.

Seed & Fertilizer Subsidy

It is agreed that the Seed & Fertilizer subsidy should be continued as recommended by the ODM Mission Report, paragraph 62. It is considered, however, that the figure needed is somewhat higher than that shown in the Report, the following tables showing the acreage, quantities and the amount of subsidy needed.

Fertilizer Subsidy

Year	Acreage	Quantity (Tons)	Subsidy
1967/68	30,000	4,500	30,500
1968/69	40,000	6,000	41,000
1969/70	60,000	9,000	61,000
1970/71	80,000	12,000	81,500
1971/72	100,000	15,000	102,000

Seed Subsidy

Year	Quantity (Tons)	Subsidy
1967/68	1,200	11,200
1968/69	1,400	13,300
1969/70	1,800	17,100
1970/71	2,300	21,800
1971/72	2,900	28,600

The seed and fertilizer subsidy should be handled on behalf of Government by the Agricultural Development Corporation; and should be treated as capital rather than recurrent budget expenditure.

Table 2 (a)

Seed & Fertilizer Subsidy (A.2/1)

Estimated Expenditure	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
Capital:-						
Fertilizer Subsidy	30,500	41,000	61,000	81,500	102,000	316,000
Seed Subsidy	11,200	13,300	17,100	21,800	28,600	92,000
TOTAL ..... R	41,700	54,300	78,100	103,300	130,600	408,000

THE ITEM MUST BE INSERTED IN THE APPROPRIATE TABLES AND THE TOTALS AMENDED AS FOLLOWS:-

	1967/68	1968/69	1969/70	1970/71	1971/72	TOTAL
TABLE 16						
Totals (Grant columns)	860,755	473,875	419,730	319,280	289,385	2,363,025
TABLE 80						
Total	3880,609	2904,817	2587,486	2211,468	1822,247	13,406,627
TABLE 82						
Total	6776,441	4938,617	3659,786	2910,168	2460,947	20,745,959
TABLE 87						
Total	13047,754	12926,974	12833,584	12564,410	12506,003	63,878,725
(FINAL TOTALS)	14637,686	13626,974	12833,584	12564,410	12506,003	66,168,657

CROSS-REFERENCED INDEX TO ODM MISSION REPORT SUMMARY (CHAPTER X) AND FIVE YEAR DEVELOPMENT PLAN

(N.B. A number of minor points are not specifically mentioned in the Plan).

Point No.	Lesotho Government's Reaction	Development Plan Reference
		Paragraph (s)
1	First sentence agreed. Second sentence discussed at length. Third sentence discussed at length.	7 18 - 42 9 - 17
2	Agreed, with reservation about short-term targets.	43 - 47
3	Agreed, with reservations about land tenure.	9 - 12
4	Agreed in general.	50 - 57
5	Agreed.	58 - 60
6	Agreed.	61 - 64
7	Agreed. (The increase of all Agricultural staff is, however, over-estimated by the ODM Mission Report).	65
8	Agreed, but it is necessary to make special financial provision.	66
9	Seed and fertilizer subsidy to be handled by proposed Agricultural Development Corporation.	45 , 49
10	Agreed.	-
11	Agreed. The mechanization of agriculture as far as it is justified will become a responsibility of the Development Corporation.	45 , 49
12	Agreed, with reservations on land tenure, and emphasis of the need for better marketing.	75
13	Agreed in principle.	55 , 79
14	Agreed.	81
15	Agreed, but this is an educational question.	-
16	Agreed, but the establishment of an abattoir is already justified and would itself help to increase the off-take.	75,90-92
17	Agreed, but the Sheep Survey should also be extended to other livestock.	82-84,89
18	Not agreed. Recent experience is much more encouraging.	86
19	Agreed.	-
20	Agreed, but milk production on a large-scale basis needs a higher-powered commercial organization.	88
21	Agreed.	-
22	Agreed.	81
23	Agreed.	70
24	This is part of Land-Use-Planning.	55 , 79
25	Agreed. The Report has already been accepted by Government.	45,48,75

Point No.	Lesotho Government's Reaction	Development Plan Reference
		Paragraph (s)
26	Agreed.	79
27	Agreed. This is a function of the Development Corporation (with advice from the department) and is an essential corrollary of Livestock Marketing.	-
28	Agreed.	75
29	Agreed.	85
30	Agreed.	85
31	Agreed, but Government does not entirely agree with the Report's diagnosis of past troubles.	93 - 102
32	Agreed.	99
33	Agreed. This has already been done.	95
34	Agreed.	103 - 107
35	Agreed, but the Union needs further capital assistance.	96,101,102
36	Agreed. An expert is expected shortly.	104
37	Not agreed. Something much more ambitious than the Factory Estate is needed. It should be replaced by an Industrial Development Corporation.	23-32,108-110
38	Agreed. This has already been approved in principle.	-
39	Electricity. Agreed, but the Government has quite different proposals from the ODM Mission's. Housing. Agreed.	129,135-137 106
40	Agreed. This has already been done.	-
41	It is considered that the organization should in fact be established.	112
42	Agreed. An investigation into the wholesale trade has been precipitated by the closing down of a large firm in Maseru.	111
43	Agreed. The Development Bank will control the funds.	Tables 24,111
44	Agreed.	121 - 125
45	Not agreed. The E.P.U. is too small for this task, which at first is not necessary.	122
46	It is agreed that someone should work on this, but UBBS is not equipped to do so.	-
47	It is not considered that economic analysis is possible or useful before some of these road projects are carried out.	122
48	Agreed. The Road Programme is linked with Agricultural Development and with Land-Use-Planning.	122
49	Agreed, for a later stage.	-
50	Agreed. The proposals are in training.	-
51	Agreed.	126 , 127
52	Agreed.	128
53	Agreed, but it is thought that the Report's proposals under-estimates the needs. An Educational Planner is needed.	36,149

oint No.	Lesotho Government's Reaction	Development Plan Reference
		Paragraph (s)
54	These are agreed in principle, but exclusion of over-aged pupils and elimination of repeaters is not easy to achieve quickly.	-
55	Agreed.	150
56	Agreed.	151
57	Agreed.	154
58	Agreed.	-
59	The proposed increase is considered to be too small.	36
60	Agreed.	154
61	This has already been done.	-
62	Agreed, but much preparation is needed.	153
63	Agreed.	153
64	Agreed.	151
65	Agreed.	149
66	It is agreed that the Broadcasting station when operative should consider this.	-
67	Agreed. Further manpower survey work is being undertaken.	-
68	This has been recommended also by the Fiscal Survey and is included in his revenue proposals.	186
69 70 71 72	The UBBS has been the subject of a recent enquiry under Sir Roger Stevens, whose report is awaited.	-
apter VIII	Revenue proposals have been submitted to the Fiscal Survey whose Report is awaited. As a consequence, comments on some individual items are not yet appropriate.	175 - 189
73	Agreed. A good deal of attention has been given to this by the O & M Adviser. The Reports of the Fiscal Survey and of the Administrative Enquiry are awaited.	183 , 188
74	Supported by Fiscal Survey and preliminary proposals	186(2)
75	For consideration.	-
76	For consideration.	-
77	Agreed.	-
78	Agreed.	-
79	The whole question of Local Government is under review.	16, 17
80	A recommendation of Fiscal Survey.	186 (1)
81	Agreed, but see 79.	-
82	A recommendation of Fiscal Survey.	186 (1)
83	For consideration, but Fiscal Survey has taken into account.	186 (1)
84	Agreed. This has been accepted in principle.	-
85	A recommendation of Fiscal Survey.	186 (4)

Point No.	Lesotho Government's Reaction	Development Plan Reference
		Paragraph (s)
86	For consideration, but revenue has been under-estimated anyway.	Table 77
87	Agreed. Many have been increased.	-
88	For investigation.	-
89	Not agreed. A much cheaper supply is envisaged.	135
90	Agreed and done.	185 (b)
91	Agreed and done.	-
92	Agreed.	185 (c)
93	Agreed and done.	185 (e)
94	Agreed.	185 (f)
95	It is considered that this should be discontinued, but the question is part of the larger one of Local Government.	-
96	Agreed. Negotiations are proceeding.	-
97	A recommendation of Fiscal Survey.	186 (8)
98	For investigation.	-
99	For investigation, but first indications are that the tax capacity of cattle owners has been exaggerated.	-
100	Agreed, but recommendations for improvement must come from the commissions for Fiscal policy and administration.	191
101	This is a matter to be investigated by the Commissioner on Administration. (Sir Walter Coutts).	-
102	ditto	-
103	This is inherent in the Constitution.	-
104	Agreed. These increases were imposed against the will of the present Government.	-
105	Agreed and in the process of being carried out.	106, 185(e)
106	Agreed.	16 , 17
107	This depends on the structure agreed for Local Government.	-
108	The overall revenue projections for the next five years are not encouraging. While the two Reports are awaited little more can be said. Eventual reduction and removal of budget deficit will depend upon success of development plans and a larger deficit now might lead to a more rapid closing in the future.	201 - 204
109	Agreed, but Government is satisfied that external capital will be available.	129 - 132
110	Agreed.	132
111	Agreed.	172 - 174
112	Not entirely agreed. Health is also a factor in production and educational efficiency.	139 - 141
113	See No. 1.	18 - 42
114	Not agreed. An alternative is proposed.	129, 135-137

APPENDIX A

Appendix C

International Monetary Fund, International Bank for Reconstruction & Development, International Development Association.

The Government of Lesotho has not yet decided whether it would be advantageous to join these organisations immediately or not.

By reason of the monetary union with the Republic of South Africa there appears to be no case for joining IMF alone. Membership of IMF is, however, necessary for membership of IRBD (World Bank) and this in turn is necessary for membership of IDA. World Bank and IDA are lending institutions which could be useful to Lesotho in the future, and their resources are only available to members and for projects located in the territories of members. (IRBD Articles of Agreement, Article III I(a); IDA Article of Agreement, Article I).

At present Lesotho has probably exhausted its powers to borrow from IDA for some time to come. It is unlikely to have a project that would be considered by the World Bank until it is ready to begin development of its water resources in perhaps two or three years time, and there are many reasons for thinking World Bank participation in this desirable. Assuming that the Republic will be interested in buying water and power and that some World Bank finance would be available, the problem is not whether to join but when to join. There is no point in sterilising the funds required for membership until it is clear that we can make use of the facilities offered.

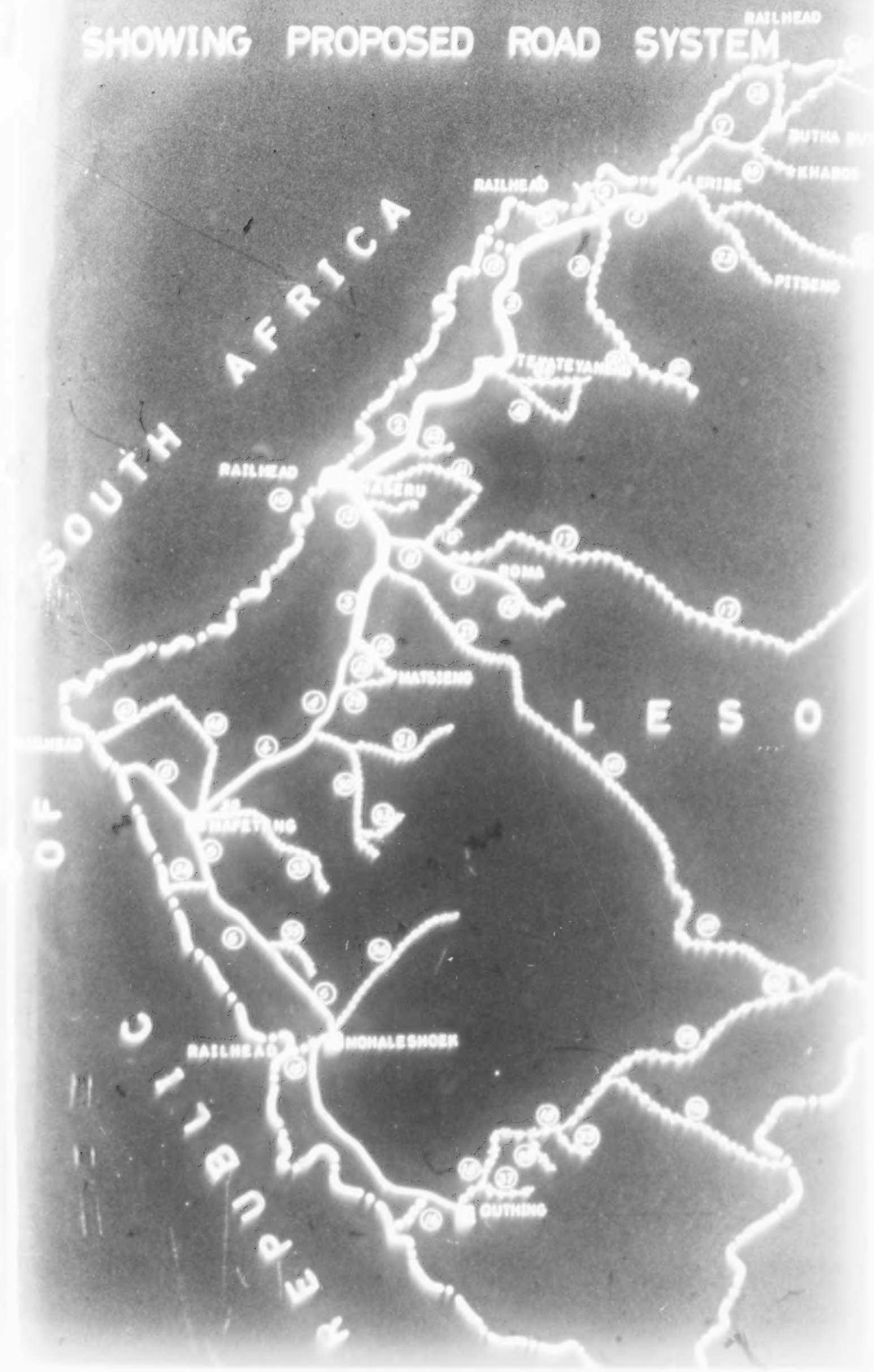
The cost of membership is not yet known, although a figure in the region of R100,000 has been mentioned.

Because of these uncertainties no financial provision has been made, in either the budget or development estimates. Attention is, however, drawn to the fact that at some future date membership may be highly desirable for the development of the economy.

Some foresight will be necessary because negotiating the terms of admission and passing the necessary legislation may well take several months.

It is hoped to discuss this problem both with ODM and with the small mission from the World Bank that is expected to visit the territory after independence.

MAP OF LESOTHO
SHOWING PROPOSED ROAD SYSTEM



SYSTEM

RAILHEAD

LYDENBURG

REPUBLIC OF SOUTH AFRICA

BUTHA BUTHE

PITSENG

MOKHOTLONG

QUACHAS NEK

RAILHEAD

SANI PASS

E S O T H O

REFER

A1 &A1(B) Main Artery

A2 Bitumen Main

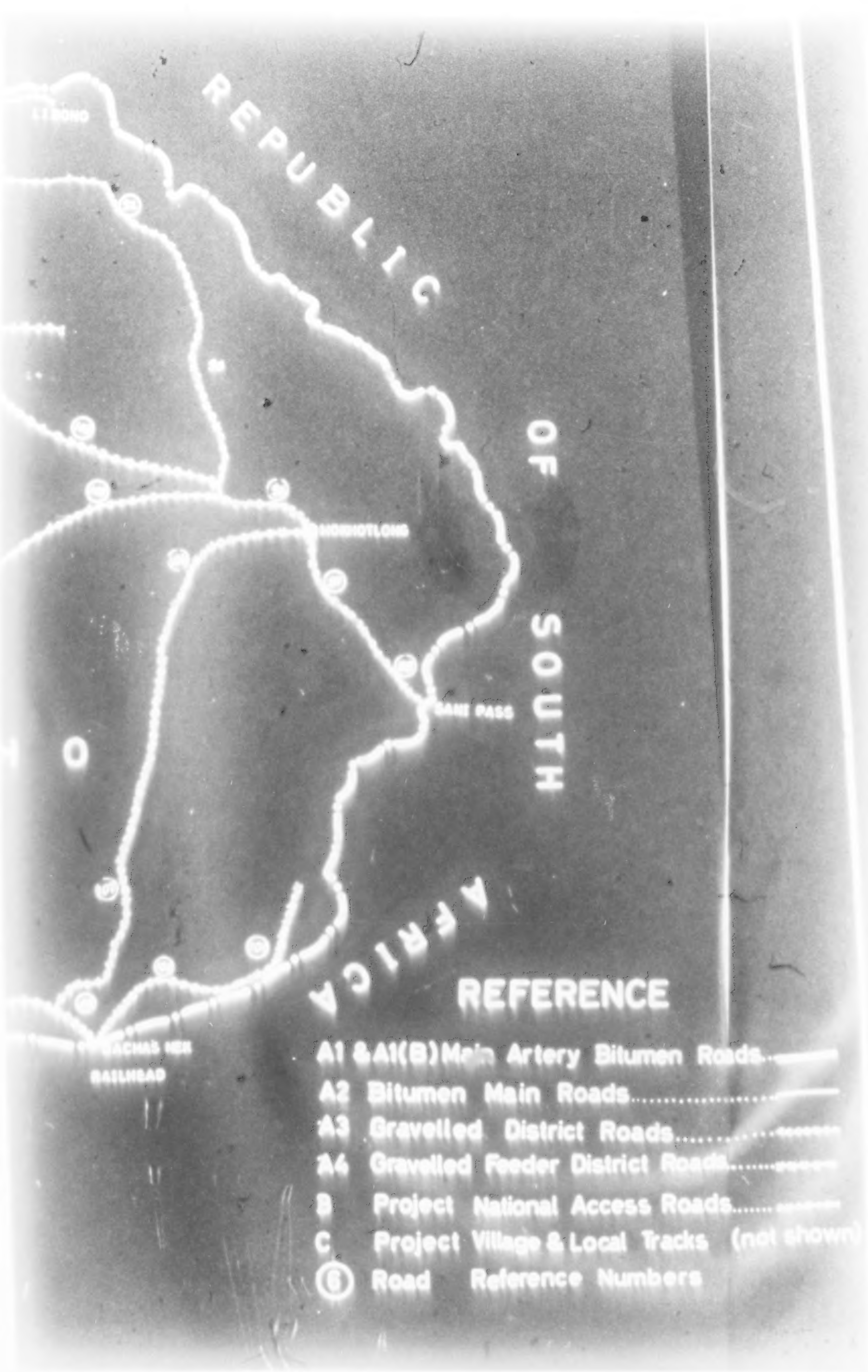
A3 Gravelled Distric

A4 Gravelled Feeder

B Project National

C Project Village

6 Road Reference


REPUBLIC
OF
SOUTH
AFRICA
MAHOBOTLONG
SANI PASS
MACHABENG
RAILHEAD
REFERENCE
A1 & A1(B) Main Artery Bitumen Roads
A2 Bitumen Main Roads
A3 Gravelled District Roads
A4 Gravelled Feeder District Roads
B Project National Access Roads
C Project Village & Local Tracks (not shown)
Road Reference Numbers